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**Quality of Life and Shelter:  
A History of Military Housing Policy and Initiatives  
(1973-1996)**

Pamela C. Twiss  
James A. Martin

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MILITARY FAMILY INSTITUTE  
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## **NOTICES**

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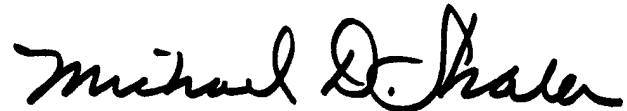
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## **Foreword**

The subject of adequate housing for our Nation's service members and their families is at the centerpiece of any discussion of quality of life. The current housing policy of the Department of Defense is based on the evolutionary development of military housing policy that began with the establishment of frontier posts in the 19th century. A fundamental element of this policy is the unique precept, retained in today's Department of Defense policy, that the military services provide in-kind housing (quarters) to their service members and their families. Additionally, the policies of today continue to include the two historic differential entitlements based on the size of the family and the rank of the service member.

In this report, Dr. Pamela C. Twiss and Dr. James A. Martin examine in depth the development and evolution of current military housing policies. Their report provides the historical basis and the contextual background for the discussions of today, and the development of housing policies for the future.

A handwritten signature in black ink, reading "Michael D. Shaler". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Michael D. Shaler  
Director

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The authors would like to thank the investigators, administrators, and staff of the Military Family Institute at Marywood University for their comments on drafts of the report and support of this research, especially Mr. Michael D. Shaler, Colonel, U.S. Army (Retired), Director of the Military Family Institute; Dr. Alan M. Levine; Dr. Peggy McClure; Mr. Joseph G. Giacomci; and also, Peter J. McNelis, DSW, Colonel, U.S. Army (Retired). Appreciation also to MFI graduate research assistants: Ms. Nicole Charlton, who was instrumental in accessing library resources, and data for figures and charts; and Ms. Sandy Magera, who provided editorial assistance. We greatly appreciate the assistance of Mrs. Judith Page in editing, formatting, and producing the final report.

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Finally, since the release of the Executive Summary and Overview, a number of people have offered comments on the report. Among these, we would like to thank Mr. Jamie Sadler (Army, ODESPER [DAPE-HR]), Dr. David Siegel and Dr. Alice Smith (West Chester University Department of Social Work).

## ***About the Authors***

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## ***Overview of Quality of Life Housing History Project***

### ***Investigators***

Pamela C. Twiss, Ph.D., MSW - Principal Investigator.

James A. Martin, Ph.D., BCD - Associate Investigator.

### ***Purpose***

- To examine military housing in relationship to the varied force characteristics and unique missions of the separate branches of the United States Military Services.
- To further understanding of the development and implementation of military housing policies across and within the services.

### ***Objectives***

- To develop a history of quality-of-life policies and initiatives, across the services, in one key quality-of-life domain: housing.
- To review housing policies and initiatives following the inception of the All-Volunteer Force concept, 1973-1996, for military members within the United States.

### ***Methodology***

Historical research using primary documents, secondary sources and key informant interviews.

The study focuses on the:

- history of housing policies and initiatives, across the services, from 1973-1996;
- theories or conceptual frameworks which supported these initiatives;
- social, economic, and political factors which have appeared to affect the development of these efforts;
- efficacy of these efforts; and,
- implications for present and future quality-of-life initiatives.

### ***Findings***

The findings are presented in two parts that are the joint work of the authors.

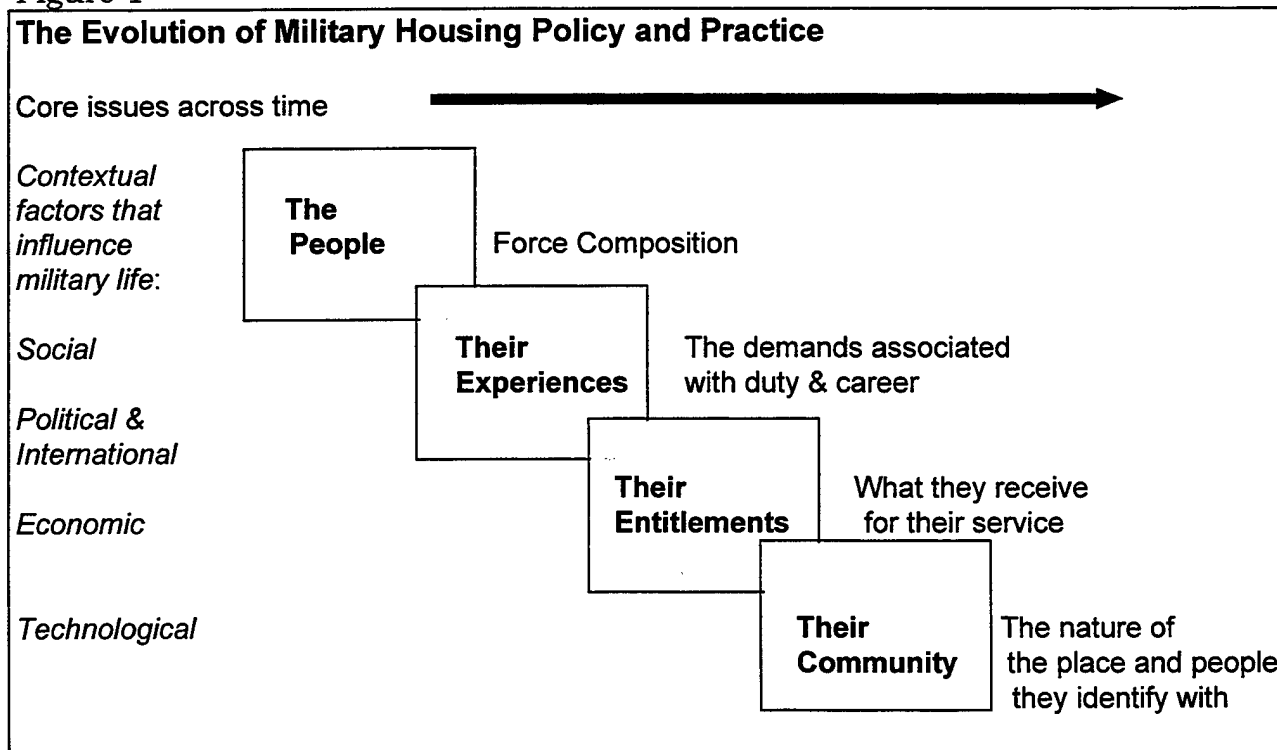
- The Executive Summary and Overview highlight major findings of the study in brief. These were produced in MFI Technical Report 97-3 published in September 1997. It is available through the Defense Technical Information Center (DTIC), AD #A329895.
- This MFI Technical Report (98-1) which presents detailed findings from the study and considerations for future quality-of-life initiatives.

## Preface

The following report presents a history of military housing policy in relationship to military quality of life. This reflects the perspective of the authors and many others writing on housing policy and community development who assert that housing is more than a commodity to buy and sell, and more than a basic human requirement. The perspective adopted in this report is that housing situates members of the military in relationship to others—both within and outside of the military (Campbell, 1981; Campbell, Converse & Rogers, 1976), as well as military and civilian goods and services that meet social and material needs such as friendship, kinship, community membership, employment, transportation, health and welfare (Twiss, 1996; Twiss & Martin, 1997). Housing is more than bricks and mortar; it is a fundamental component of community social and economic life (Kemeny, 1992). ***Military housing is thus viewed as a fundamental component of military quality of life and the military community.***

To place the development of military housing as a quality-of-life issue in context, this report discusses the social, political, economic and technological currents of the day, changing military force requirements and characteristics, and developments in U.S. housing policy. Figure 1 provides a picture of key variables and factors involved in the evolution of military housing policies, across time.

Figure 1



The report and the material within each of the first three sections is in chronological order. Part I includes a brief history of military housing policy and practices prior to the inception of the most recent all-volunteer force (AVF) concept in the early seventies. This section relies exclusively on secondary sources. Part II focuses on the seventies and eighties, as efforts were made to make the AVF successful. Part II relies on government documents, reports and hearings, as well as secondary sources. Part III presents current developments in military housing policy and covers the early to mid-nineties. Also included in Part III are findings from government documents, reports, and hearings as well as key informant interview material. Part IV summarizes key themes related to the history of military housing that merit consideration as future military housing and quality of life policies are developed and implemented.



# Quality of Life and Shelter: A History of Military Housing Policy and Initiatives (1973-1996)

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## **PART I: HOUSING POLICY: PRE ALL-VOLUNTEER FORCE (AVF)**

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### ***A Post-Revolutionary United States***

America's involvement with the housing of military personnel begins with the American Revolution and civilian objection to the frequent practice of *forcing* civilians to quarter soldiers in their homes (Baldwin, 1993; Hartman & Drayer, 1990). As a result, the U.S. Constitution specifically prohibits this practice in times of peace: "No soldier shall, in time of peace be quartered in any house, without the consent of the Owner, nor in time of war, but in a manner to be prescribed by law" (House of Representatives, 1987). The military services have historically perceived an obligation to provide quarters (or housing allowances) for all military personnel (and, as an extension of this obligation, their families). This is the basis for the entitlement to military housing or housing benefits and related court decisions upholding the government's responsibility to provide housing for its military (House Subcommittee on Military Construction Appropriations, 1980c, pp. 570-571).

Prior to the Cold War of the twentieth century, the U.S. had a relatively small standing military force, with the bulk of this force comprised of single and unaccompanied males in the enlisted ranks (Baldwin, 1993; CBO, 1993; OASDP&R, 1993). These men were expected to be, and treated as if they were universally single. They lived in barracks or aboard ship (Defense Science Board, 1995). Still, a number of enlisted men not eligible for military family housing always had family responsibilities (Albano, 1994). Throughout history, wives—and loved ones—followed troops and gathered in port cities and near frontier posts.

The term *camp-follower* speaks to this phenomenon. Much has been written about the plight of these women and children both in the 19<sup>th</sup> and early 20<sup>th</sup> century western frontier (Albano, 1994; Brett-James, 1972; Klaw, 1944) and America's overseas bases in Europe and the Far East.

Historically, the military had a relatively small corps of officers and enlisted men dedicated to the military as a career. They were typically housed on base in military housing and were expected to have family members with them (Baldwin, 1993; Defense Science Board, 1995). Their families lived with them in their quarters. However, no formal policy recognized the housing needs of officers' families or ensured that their needs would be met (Segal, 1989).

## Timeline: Pre All-Volunteer Force

### 1890 - 1930s

1890⇒⇒⇒⇒1900⇒⇒⇒⇒1910⇒⇒⇒⇒1920⇒⇒⇒⇒1930⇒⇒⇒⇒⇒⇒⇒⇒

**First "boom" in military construction begins, continued to WWI**

Cont. rapid industrialization, cyclical economic panics/depressions

Social reform movements; child-saving efforts; welfare capitalism

Depression of 1893

1894 First federal report on U.S. housing conditions

1898 Spanish-American War

1899-1902 Philippine-American War

1901 Theodore Roosevelt takes oath of office

1904 Roosevelt elected President

1908 William Howard Taft elected

1911 Mother's pensions begin being passed at state level;

1912 Progressive Party platform calls for social and political reforms

1912 Woodrow Wilson elected President

1916 Wilson re-elected

U.S. enters World War I

**1918 policy recognition of family housing needs of officers**

Post WWI Economic "boom" - Roaring twenties

**1922 Joint Service Pay Act**

**2nd military construction boom**

1928 Herbert Hoover elected

1929 stock market crashes

1932 Emergency Relief

Construction Act

1932 Roosevelt elected;

New Deal;

Keynesianism

1934 Federal Housing

Authority created

1935 Social Security

Housing Act of 1937

1890⇒⇒⇒⇒1900⇒⇒⇒⇒1910⇒⇒⇒⇒1920⇒⇒⇒⇒1930⇒⇒⇒⇒⇒⇒⇒⇒

**Note: Boldface type denotes changes in military housing policy.**

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## ***Building a Nation: Building a Defense Infrastructure***

Baldwin's (1993) history of Army peacetime housing makes it clear that the history of military housing is essentially a history of the birth and defense of the United States. The Army serves as a useful case study. Documentation of its housing history (and related struggles) is emerging and there is little reason to believe that life for those in the Navy was better. If anything, it was probably worse (OASDP&R, 1993).

Army fortresses emerged to meet the needs of a country that first had to protect its vulnerable coastline and later defend its rapidly expanding western frontiers and the settlers moving there (Baldwin, 1993). In a sparsely populated, developing Nation, the establishment of a fortress necessitated building shelter. Some of the housing problems Baldwin's study highlights as plaguing the earliest forts will be familiar to those working in military housing today:

Quarters One at Fort Monroe, probably the oldest housing now in the Army, was completed soon after construction of the fortress began in 1819, but the construction of adequate quarters for officers and barracks for soldiers never kept up with the need. Inadequate money for maintenance and repair meant that over the years facilities deteriorated. Assignment to a permanent fortification on the coast did not guarantee good living conditions for officers, soldiers, or their families (Baldwin, p. 2).

*Early in the Nation's history, military housing could be characterized as frequently inadequate and poorly maintained.*

---

## ***An Expanding Empire and the Industrial Revolution***

According to Baldwin (1993), between 1890 and the first World War, the Army experienced its first major peace-time building campaign. This coincided with international empire building, continued rapid industrialization and worker unrest, urbanization and expanded civilian housing production, as well as efforts to reform factories and communities. In the absence of government sponsored income and social supports in this time of great change, reform efforts were frequently pursued by business leaders who experimented with their own form of social welfare—*welfare capitalism* (Lubove, 1986). In the 1800s, some industrial leaders developed housing for their workers (Brody, 1960), model industrial villages and company towns to address human needs, even as they adopted more "mechanistic" management techniques (Segal,

1989) in the work place. Not surprisingly, in this context, the boom in military construction at the turn of the century focused not just on the production of housing, but of military communities. These communities would have amenities comparable to any company town (Martin & Orthner, 1989).

Industrialization dramatically changed the American landscape. The Nation experienced a tumultuous shift, from a principally agrarian society to one with large, urban population centers. Americans migrated internally and new immigrants flooded industrial and seaboard cities (Bremner, 1972; Trattner, 1994). Thus, Baldwin (1993) found that the military construction boom occurred in the context of a civilian construction boom.

This was the time of the reformers and child savers. Poverty was commonplace, particularly in the overcrowded urban slums where new immigrant workers lived (Trattner, 1994). In the late 1800s and early 1900s, photo-journalists like Jacob Riis recorded the misery of young children frequently engaged in factory labor; early social scientists and reformers studied the living and working conditions in America's new industrial centers (cf. Byington, 1974; Riis, 1957). Efforts began to improve the housing of Americans living in large urban tenements devoid of light and fresh air, to save and educate children, to raise the wages of working men and women, and to eliminate child labor (Trattner).

Large-scale industrialism also brought *welfare capitalism*, a special form of welfare work managed by (and often within) industry. Welfare capitalism programs included, among others: death and disability funds; old age pensions; educational and recreational services; and pre-paid or contracted medical care. Industries frequently established offices to oversee their welfare work (Dickerson, 1986; Lubove, 1986). Welfare capitalism programs were intended to minimize worker turnover, discourage labor unionism and increase worker loyalty to the company (Brody, 1960; Dickerson; Lubove). Leaders in industry frequently recognized that housing was a major concern for their poorly paid workers. In the context of welfare capitalism, they also became producers and managers of housing (Brody), and in some cases, whole communities, as in George M. Pullman's model community outside Chicago (Dickerson). Though paternalistic in their outlook toward workers, the creators of company towns did offer their employees in-kind benefits that acknowledged the needs and presence of family members (Dickerson; Trattner, 1994).

By the end of the 1800s, the mission of the Army was shifting away from policing the frontiers and the United States was engaged in empire-building, settling territories won through the Spanish-American War (Baldwin, 1993).

Developments in the business world and Progressive Era politics both influenced the Office of the Secretary of War at the turn of the century.<sup>1</sup>

As the Army sought to centralize its forces in a smaller number of places, it prepared for a building campaign with standardized plans for facilities. Bases would include "post exchanges, schools, libraries, and gyms, to improve life on the posts" (Baldwin, 1993, p. 3). The development of the military company town is eminently understandable in the context of both the popular welfare capitalism programs of large businesses and Progressive Era social reforms. Baldwin noted that desertion had long been a problem for the Army, much as worker turnover had plagued industry (Dickerson, 1986; Lubove, 1986). Improved living conditions coincided with a decline in the rate of desertion (Baldwin), perhaps the first correlational evidence for a link between quality of life and retention in the military.

---

## ***World War I and the Prosperous Twenties***

World War I refocused the Army's, as well as the Nation's energies and resources toward the war effort and away from broad reforms. The demands of this war (and those that would follow) resulted in gains and losses in the arena of military quality of life. Military housing construction for permanent housing facilities lost the attention of Congress. Policies that might encourage military members to remain in service were simultaneously improved. Specifically, in 1918, for the first time, the housing needs of families of military officers were formally acknowledged through a temporary war measure (Segal, 1989; OASDP&R, 1993).

In the wake of the War, further improvements came. Although the War interrupted investments in military social welfare programs, the lessons of the 1800s were not forgotten. As the armed services struggled to attract and retain desirable men in a booming economy, Congress responded with the Joint Service Pay Act of 1922 (Baldwin, 1993, p. 4). This legislation set the essential framework for the current system of base pay plus allowances and represented a beginning shift away from purely in-kind provision of assistance (Baldwin; OASDP&R, 1993). When not granted quarters, warrant officers and officers would receive a rental allowance for quarters, based upon grade and the

---

<sup>1</sup> In 1899 President McKinley asked Elihu Root to serve as Secretary of War. A corporate lawyer, Elihu Root has been credited with employing popular civilian management techniques—specifically Taylor's *scientific management*—to modernize and reorganize the Nation's military (Segal, 1989). Root was a conservative man. His belief in the potential benefits to be won for all Americans through the "enlightened self-interest" of business (Leopold, 1954) is compatible with support for welfare capitalism programs, which were business, rather than government-directed. William Howard Taft became Secretary of War in 1904, under President Theodore Roosevelt. Taft was then a supporter of Roosevelt's progressive policies.

presence or absence of family members (Baldwin). This rental allowance was based upon national monthly costs associated with renting one room. Larger families were authorized more rooms (OASDP&R). Enlisted personnel fared poorly. They continued to be treated as if no one else depended upon their wages for sustenance or their work for shelter. Military housing itself received little to no attention from government and by the mid-twenties was a national embarrassment (Baldwin).

*This history is critical to understanding current military housing and compensation systems, which have, at least since the 1920s, formally recognized differential needs based upon the presence or absence of family members, albeit initially only for officers.*

The treatment of enlisted members prior to World War I and under the new military pay legislation of 1922 is significant in its signaling of an equally important and enduring theme, distinguishing "deserving" and "undeserving" military members on the basis of the privileges and responsibilities associated with rank and commitment to a military career. Efforts to limit benefits to those viewed as meriting assistance are common in the history of U.S. social welfare policy (Dolgoft, Feldstein & Skolnik, 1993; Trattner, 1994). It is clear that *within* the military services there is a very strong tradition of viewing the tangible benefits associated with service. Among these are access to military family housing, as merited (or deserved) only by those who have *paid their dues* through a demonstrated commitment to a military career—and the sacrifices and responsibilities associated with this career commitment (Hartman & Drayer, 1990).

Compounding the issue of whether they had earned the right to such housing, marriage among the junior enlisted was viewed (and still is) as a social problem to be controlled (cf. Weible, 1997). Pay for the junior enlisted would not adequately support a family and military leaders considered family members a potential distraction from service requirements (Defense Science Board, 1995; OASDP&R, 1993). The structure and scale of compensation and benefit programs, in addition to providing rewards for service, thus focused upon social objectives. *These two themes—"rank has its privilege (RHIP)" and "reward as a form of social control"—are also enduring and can be traced through the development of subsequent efforts to enhance the quality of life of military members.*



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## ***From Economic Boom to Bust: The Great Depression***

The boom times of the twenties were shattered with the stock market crash of 1929. The Nation plunged into enduring economic depression. In the context of this Great Depression, the government supported civilian and military housing projects to boost a flagging construction industry. New financial mechanisms sheltered the private sector from potential losses in real estate. A framework for U.S. housing policy emerged. The government would rely on the private sector to provide housing, offering financial supports and subsidies to encourage lending and building. The government would build housing itself only to provide employment in a crisis and only to house the temporarily poor and those engaged in the defense of the Nation. The primary objectives of U.S. housing policies would be to create jobs through public works and spur the economy by encouraging private financiers to pump money into the market.

In the early thirties, Republican President Hoover's political and economic philosophies offered few avenues through which to stimulate the economy other than very limited, politically acceptable public works projects. He directed federal agencies to speed public works projects, providing a boost to peace-time military housing construction (Baldwin, 1993). Baldwin noted that it is somewhat ironic that the extreme economic collapse of the thirties brought expanded military housing construction efforts. However ironic, this patterning of economic slump and enhanced military construction was repeated in the 1980s.<sup>11</sup> President Roosevelt's New Deal furthered this development (Baldwin). Approximately 3% of all current military family housing was built prior to 1940 (CBO, 1993). Figure 2 graphically displays the acquisition history of the military *family* housing stock within the United States.

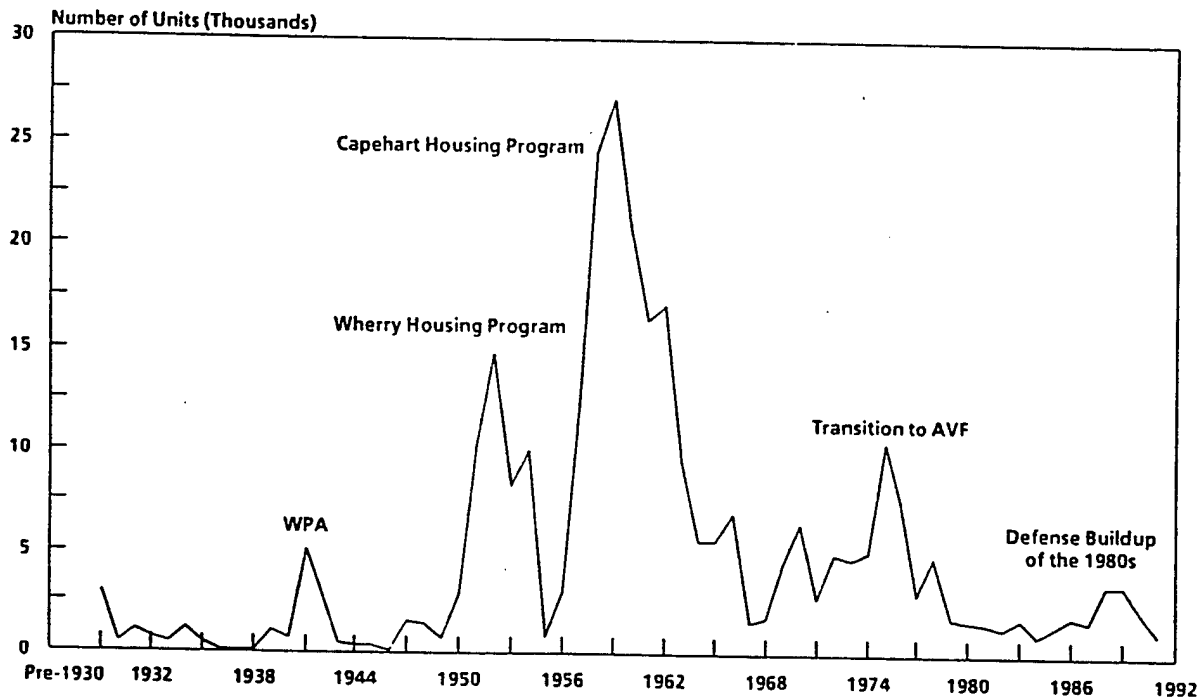
During the Great Depression, the Nation also developed civilian housing legislation with multiple purposes, laying the foundation for contemporary U.S. housing policies. In 1934 the Federal Housing Administration (FHA) was created. It provided insurance on loans (for rehabilitation) and mortgages (for purchases of existing homes or new construction) to encourage private financial institutions to make loans and mortgages (Bratt, 1989c). Bratt noted that FHA insurance encouraged Depression-battered financial institutions to lend again, "with the guarantee that most of the loaned funds could be recouped from the FHA in the event of foreclosure" (Bratt, p. 19). She further points out that because builders were more willing to engage in new

---

<sup>11</sup> President Reagan, in the context of a deep recession, approved a Jobs Bill that furthered military construction efforts (House Subcommittee on Military Construction Appropriations, 1984b, p.867).

construction with this attractive financing tool available, the overall result was a stimulated economy.

Figure 2  
Current U.S. Inventory of DoD Family Housing by Year Built or Acquired



Source: Congressional Budget Office based on the Department of Defense's 1991 records of real property.

Note: The Wherry and Capehart housing programs were instituted to provide additional on-base family housing during the early years of the Cold War. Under these programs, it was possible to construct housing for military personnel using private-sector financing rather than appropriated funds. DoD = Department of Defense; WPA = Works Progress Administration; AVF = all-volunteer force.

# **Timeline: WWII and the Fifties** **1940 - 1960**

⇒⇒1940⇒⇒⇒⇒1945⇒⇒⇒⇒1950⇒⇒⇒⇒1955⇒⇒⇒⇒1960

War-time economy; military and civilian  
Keynesianism; employment and production increase . . .

1941 Pearl Harbor attack

**Basic Allowance for Quarters (BAQ) based on officer's pay & dependency status**

**1944 GI Bill of Rights; VA Loan Program**

1945, Harry S. Truman takes oath of office

Demobilization

Pent-up demand for consumer goods fuels market . . .  
National housing crisis; FmHA insurance program established;  
Full Employment Act

1947 Levittown of New York established

**1948 President Truman orders an end to segregation in the military**

**1949 Career Compensation Act**  
**National Housing Act of 1949**  
**Wherry program added to National Housing Act**

**Korean War**  
**Dependents Assistance Act of 1950**

Eisenhower Elected

**1955 Capehart Program**

⇒⇒1940⇒⇒⇒⇒1945⇒⇒⇒⇒1950⇒⇒⇒⇒1955⇒⇒⇒⇒1960

**Note: Boldface type denotes changes in military housing policy.**

The U.S. Housing Act of 1937 created the first public housing program for civilians. Bratt (1989c) reported that the program was originally conceptualized as one to house the temporarily poor in the context of the depression (Mortgage Banking, 1994). Local public housing authorities (PHAs) were established to develop (with tax exempt financing) and own public housing projects (Mortgage Banking). Assailed as socialistic and opposed by powerful business and industry groups, the public housing program had as one of its aims the production of construction jobs in a weak economy (Bratt, 1989a). To win support for its passage, assurances had to be made that public housing would not interfere with the private housing market; it therefore had to be very different and separate from private housing (Bratt). In spite of the opposition, the program was enacted, and close to five thousand (4,960) public housing units were completed in 1939 (Bratt).

In 1938, the Federal National Mortgage Association (FNMA) was created, launching a secondary market for residential mortgages (Mortgage Banking, 1994). This new entity would purchase FHA guaranteed loans from private lenders, enabling them to transfer long-term loans into quick cash (Bratt, 1989c). This offered another support to the financial markets that had been so severely shaken.

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## ***World War II and the Cold War Era***

The demands of another war once again brought increased attention to policies that would ease the burdens of military life and retain career personnel. Prior to America's entrance into World War II, in 1940 senior enlisted members with dependents were authorized quarters or a cash substitute if no quarters were available. Two years later (1942), the rental allowances first developed in the 1920s for officers and warrant officers were fixed as a monthly sum based on an officer's pay grade and dependency status. Following the end of World War II, the 1949 Career Compensation System made public quarters available to career enlisted members as a matter of policy, and, when quarters were not available, offered these members and officers the Basic Allowance for Quarters (BAQ). The BAQ replaced prior rental allowances. That same year, BAQ became available to service members of pay grade E-4 with seven or more years of service and all grades above E-4 (Baldwin, 1996).

Personnel in grades E-1 through E-3 and E-4s with less than seven years of service were still required to live in barracks or aboard ship. These military members continued to be treated as though they did not (and should not) have family members. Again, denying these benefits was thought to discourage marriage and family formation (OASDP&R, 1993).

Enhanced access to quarters and cash allowances during this period was tied to World War II and the Cold War climate that followed. Dramatic changes occurred in both the size and nature of America's Armed Forces. Baldwin (1996) noted that the Army, even after demobilizing millions of soldiers following V-J Day, was *at least seven times larger* than the peacetime Army of the thirties (Baldwin, p. 1). Further, the requirements of the Korean War and the large standing force accepted in the Cold War political climate of the forties and fifties brought increases in the proportion of married military personnel. The percentage of married members rose from 35% to 45% in the fifties (Defense Science Board, 1995). Among enlisted personnel, about one third was married in 1953. Within the services, proportions of married members ranged from a high of about 41% for the Air Force to a low of about 27% for the Marine Corps (OASDP&R, 1993, Chapter 3, p. 9-10).

These changes presented the Army with a "housing crisis" of dramatic proportions (Baldwin, 1996). However, the Army was not alone in this experience. The United States experienced a national housing crisis in the post-war years. In this context, large-scale housing production developed in both the civilian and military sectors.

### ***The Forties and Fifties:***

#### ***Large-Scale Public Housing and Public-Private Ventures***

The late forties and fifties witnessed a massive suburban housing boom, renewal of the national public housing program, and the launching of the most productive period of military family housing construction. Among the factors supporting the explosion into the suburbs were technological and business developments, federal policies, demographic changes, and a serious housing shortage. During this time the federal government developed additional mechanisms to support housing lenders that made purchasing homes more affordable to families with moderate incomes. The government also financed road construction that made the suburbs accessible.

Large-scale home building companies developed, such as Levitt and Sons of Levittown, New York (Checkoway, 1986). These new entities applied assembly-line factory techniques to the production of housing. Access to suburban land tracts made en masse production possible. Checkoway offers a detailed illustration of the organization of the Levitt and Sons' operation. He noted Levitt's houses went up in assembly line fashion, models of industrial efficiency. "Every possible part and system was pre-assembled, prefabricated, or precut to specification and size in the factory . . . brought to the site ready to assemble . . ." (Checkoway, p. 124).

New federal loan guarantees made these homes yet more accessible to returning World War II veterans. In 1944, the Veterans Administration (VA) loan guarantee program was instituted, and in 1946, the Farmers Home Administration (FmHA) insurance program was established. By 1948, Levitt and Sons was able to produce more than 34 houses a day and veterans could get a home in Levittown without a down payment and become homeowners with a \$56 monthly payment. The company understood FHA and VA financing and processed applications quickly, for minimal charges to the customer (Checkoway, 1986).

The relative success of these developments is reflected in increasing home ownership rates: rising from approximately 45% in the 1920s to over 60% by 1960 (Burt, 1992). This represented the greatest expansion of home ownership in the history of the United States. Minority groups in the Nation also benefited, with home ownership among African-Americans rising from 23.6% in 1940 to 46.2% in 1983 (Karger & Stoesz, 1990). However, the benefits of these policies accrued unevenly across the population. Feldman and Florida (1990, p. 31) have noted that: "Housing differences both reflected and cut across social cleavages rooted in class, race, and labor market position. Housing added another, largely spatial, prism through which social divisions were refracted (Feldman & Florida, 1988)." It is especially important to note that Levittown was racially exclusive, welcoming only Whites as new owners, as were many suburban developments (Gebhardt, 1996; Lambert, 1997).

In addition to offering loan guarantees to expand home ownership, the federal government deepened its commitment to public housing in the late forties. The National Housing Act of 1949 provided for slum elimination, urban redevelopment, and a public housing program to provide 135,000 low-income housing units annually for six years (Karger & Stoesz, 1990). Returning veterans and their families were among those moved into new public housing; they were also part of the rationale for expanding the public housing program (Mortgage Banking, 1994). A national policy emerged: The United States' housing goal would be a "decent home and suitable living environment for every American family" (Karger & Stoesz, p. 243).

Bratt (1989a) reported that opposition to the public housing program was, if anything, more intense than in earlier years; the program that emerged offered housing very different from private housing. It targeted the temporarily poor, but very poor, and charged tenants rent according to a formula (for operating and maintenance costs) to further ensure that only worthy, working people were housed; those with rising incomes were to be forced out through eviction (Bratt). The government provided the long-term financing of the projects, but the locality owned and managed them, supported by income from tenants

(Bratt). Given the constraints of the program and the new markets for moderate income households opening in the suburbs, those in the first wave of public housing tenants rapidly moved on to better housing, leaving the units to successive waves of poorer and multi-problem families with no housing alternatives (Bratt; Mortgage Banking, 1994).

In this context of severe housing shortages, changing housing technology, and government policy focused on support for private sector financing and development of housing, the most productive military family housing construction also took place. In 1949, a privatization initiative called the Wherry program was added to the National Housing Act. According to Baldwin (1993, 1996), the Wherry program was not the military's preference for a solution to its family housing crisis. The services were committed, as an accepted policy, to meeting the housing needs of members eligible for housing through the provision of DoD housing and would have preferred to build needed housing through appropriated funds (Baldwin, 1996). Baldwin found that the services were pushed to privatization by factors that should be familiar to those interested in housing issues today:

- Congress was not going to appropriate the dollars required to build military family housing on a large scale.
- The FHA would not certify areas it determined to be high risk, among these areas surrounding military bases in isolated locations.
- The private sector was not going to build in remote areas with associated high construction costs without significant incentives. Thus, the military turned with reluctance to privatization.

Baldwin (1993, 1996) as well as Hartman and Drayer (1990) reported that the Wherry program experienced significant problems. To make the housing affordable, housing costs were kept low, leading some in Congress to argue for housing those in higher ranks in the new housing and opening existing military housing to more junior (but still career) personnel. There were almost immediate concerns about the potential for builders to cut costs while building so as to reap significant profits up front. Maintenance of the units, post production, was also an issue. Scandals associated with civilian housing programs (notably the Section 608 program upon which Wherry was modeled) and legislative amendments seeking to limit the potential for "windfall profits" led to the death of the program, with few new projects started after August of 1954 (Baldwin, 1996).

### ***The Wherry Housing Program***

- Named for Senator Kenneth S. Wherry, R-Nebraska.
- Added as a new title to the National Housing Act (Title VIII), the program was patterned after a federal housing program called "Section 608" that made available mortgage insurance to build housing for World War II war-time workers and returning war veterans.
- FHA and the individual services helped to draft the legislation.
- FHA provided mortgage insurance to private sponsors once the Secretary of Defense certified that a plan to provide military housing was sufficiently low-risk.
- Most projects were built on government-owned land, leased for a nominal fee to the private sponsor who promised to build, operate, and maintain a specific number of units of a particular type.
- The leases ran for a minimum of 50 years, with some as long as 75 years.
- The housing provided was not considered government housing; military members voluntarily entered into rental contracts and exchanged their BAQ for housing.
- Rental rates were determined by the housing costs (FHA calculated the costs of operation, maintenance, repayment of mortgage and profit).
- Mortgage was to be for no more than 90% of replacement costs.

*Source: Baldwin (1996). Four Housing Privatization Programs: A History of Wherry, Capehart, Section 801, and Section 802 Family Housing Programs in the Army. Alexandria, Virginia: U.S. Army Corps of Engineers, Office of History.*

In 1955 Congress replaced the Wherry program with a more popular installment purchase program, known as the Capehart program. The Capehart program offered developers higher cost caps to build housing of a better size and quality. Where the Wherry program had developers building, operating, and maintaining sites, the Capehart program involved developers solely as builders. Ownership, management, and operation of the new housing transferred to the services after the housing was built, with the services assuming the mortgage (Baldwin, 1996). Of note, most of the housing units built under the Wherry program were eventually purchased by the government under the Capehart program.



### ***The Capehart Housing Program***

- Named for Senator Homer E. Capehart, R-Indiana.
- Enacted as an amendment to the National Housing Act, it amended Title VIII of the Act.
- FHA still provided mortgage insurance to private concerns once the Secretary of Defense certified that a plan to provide military housing was sufficiently low-risk.
- If FHA disagreed with the determination of the Secretary of Defense, FHA could request that DoD guarantee the mortgage insurance fund against the potential loss.
- Mortgages obtained from private lenders (with FHA insurance) were to be for 25 years.
- Mortgage insurance was for 100% of the bid.
- Upon completion of a project, it was handed off to the individual service; the service then carried the mortgage, operated and maintained the properties.
- Following transfer of the properties, the housing became government quarters; military members selected to live in the new housing gave up their housing allowances.

*Source: Baldwin (1996). Four Housing Privatization Programs: A History of Wherry, Capehart, Section 801, and Section 802 Family Housing Programs in the Army. Alexandria, Virginia: U.S. Army Corps of Engineers, Office of History.*

Baldwin, in his history of Army privatization efforts (1996), noted that by the early sixties, 115,000 Capehart units had been obtained by DoD, the most significant expansion of military family housing in the history of the United States. *Thus, the fifties and sixties witnessed the production of approximately two-thirds (about 200,000 units) of the currently existing military family housing, nationwide* (CBO, 1993).

By the late fifties and early sixties, however, there was growing criticism of the Capehart program. Criticisms focused on the costs of the program—which were considered too high—and the extent of new construction under the program, considered by critics to be more than needed. Baldwin (1996) noted that the Senate Armed Services Committee in 1958 called for a move back to using appropriated funds for military housing on the basis of data indicating that Capehart housing was more expensive to build. In 1960, the General Accounting Office argued that the services were building too much housing under Capehart. The GAO argued that the Defense Department underestimated the availability of private sector housing. The GAO also reported that unneeded amenities made the new housing costs too high. A further criticism of the program was that the method of its development led to the illusion that the housing did not have to be paid for out of the treasury, when it just postponed the costs of the housing (Baldwin).

## Timeline: The Sixties and Early Seventies 1960 - 1973

1960⇒⇒1962⇒⇒1964⇒⇒1966⇒⇒1968⇒⇒1970⇒⇒1972⇒⇒

1960 John F. Kennedy elected President  
New Frontier Programs

1962 Social Service Amendments to Social Security Act

Cuban Missile Crisis

**Capehart Program discontinued**

**Dependents Assistance Act modified**

1963 Kennedy assassination;

Lyndon B. Johnson takes oath of office

1964 Civil Rights Act; Food Stamp Act

1964 Johnson elected;

Tonkin Gulf Resolution

Great Society Programs; War on Poverty

1965 Creation of Department of Housing and Urban Development

Medicare & Medicaid

1967 urban riots

**DoD launches efforts to eliminate housing discrimination (1967-1968)**

Civil Rights Act of 1968 & Supreme Court rules

discrimination in housing illegal

1968 Housing Act, Sections 235 & 236, New-town Program

Richard M. Nixon elected

New Federalism & Revenue Sharing

Military set-aside for Section 236 Rental Housing

Scandals associated with HUD housing programs;  
fraud, abuse & conditions

President Nixon pursues Détente

Nixon re-elected; Watergate scandal

1960⇒⇒1962⇒⇒1964⇒⇒1966⇒⇒1968⇒⇒1970⇒⇒1972⇒⇒

**Note: Boldface type denotes changes in military housing policy.**

### ***The Sixties and Early Seventies: Formally Separating Military and Civilian Programs***

As the era of civilian and military Keynesian economics ended, political support for large-scale publicly funded construction initiatives also weakened. Housing solutions developed (and their feasibility was assessed) through the lens of neoclassical economics, within and outside the DoD. Even in the context of the New Frontier and Great Society programs, the Civil Rights and Welfare Rights movements, commitment to improving military housing and federal resources for other social welfare initiatives were diminished by commitment to a war—this time the Vietnam War. Military and civilian housing development initiatives were formally separated (with few exceptions), even as military reliance on private and public sector housing was acknowledged and DoD civil rights initiatives successfully attacked housing discrimination in the civilian sector.

Baldwin (1996) noted that the incoming Kennedy administration was not happy with the Capehart program and it was not extended beyond 1962. With the death of the Capehart program, military family housing was no longer included as a title under the National Housing Act and no longer under the purview of the Banking and Currency Committees of the House and Senate—which have traditionally, and continue to have oversight responsibilities for civilian housing policies. The production of all military family housing was once again handled exclusively through military appropriations. In spite of large scale housing production during the fifties, and declining force levels under the Eisenhower administration, military family housing deficits continued (Baldwin).

Incoming Secretary of Defense, Robert S. McNamara, embraced a neoclassical economics approach to policy (Shields, 1993). The monetary demands posed by the growing conflict in Vietnam also resulted in the redirection of DoD resources and priorities (Defense Science Board, 1995). The services shifted their attention to private sector development of housing for military families, and pursued a moderate military family housing construction program. They continued military development and maintenance of barracks housing for unaccompanied military members. DoD focused its attention on (1) offsetting the costs of private sector housing for families (through housing allowances), and (2) attracting private investment and seeking public subsidies to develop needed family housing. The latter effort included attempts to use newly created Department of Housing and Urban Development (DHUD) programs, particularly FHA mortgage guarantees and interest subsidies for low- and moderate-income family rental housing.

*Baldwin (1993) noted that in 1962, McNamara acknowledged as official DoD policy what had been the de facto situation, reliance upon the private sector to accommodate most military families. The same year, McNamara centralized the management and funding of family housing—across the services—in the Office of the Secretary of Defense. He pursued enhanced compensation and allowances to support military families living on the economy and a modest family housing construction program. During the sixties and early seventies, the DoD constructed approximately 8,000 new family housing units per year. By the close of the seventies, this production declined to approximately 1,000 units per year (Defense Science Board, 1995). Career status and the earning of housing benefits through commitment to service still provided the philosophy behind the exclusion of the many junior enlisted members from military family housing. Those in grades E-1 through E-3 continued to be eligible for separate dependency allotments (rather than BAQ rates for those with family members) until 1973.*

Of great importance to the military services and the Nation, in the late sixties the DoD pursued social ends with its housing policies that affected civilian and military communities. David Hershfield (1985) studied the impact of DoD's 1967 and 1968 anti-discrimination policies on civilian housing. Hershfield reported that the military was quite successful in desegregating housing. The key factor in explaining the extent of this success was "the importance of the *military to the local economy*" (p. 23).

Also of importance to the civilian housing market, in 1965, President Johnson brought together the Federal Housing Administration and a host of other housing and community development agencies and placed them under DHUD. The programs managed by the new department did not differ dramatically in form from those developed in the thirties, forties and fifties. They focused on providing financial supports (subsidies) and substantially reduced market risks to the private sector to deliver housing for low- and moderate-income households.

Loan guarantees, subsidized interest rates, and direct construction subsidies were among the mechanisms available through DHUD programs. There was still a public housing program. Problems initiated with the departure of the working poor from this housing grew worse during the sixties, however. Those living in public housing were poorer, increasingly of minority race, and more and more isolated as the exodus to the suburbs continued (Bratt, 1989a; Mortgage Banking, 1994).

For junior enlisted personnel with families, excluded from military family housing, the newly organized DHUD frequently made available a subsidized

apartment (Comptroller General, 1979). In the context of its orientation to housing families in the private sector, DoD counted on the low- and moderate-income subsidized federal housing programs sponsored by DHUD to solve the problems of junior enlisted and mid-grade members with families (House Subcommittee on Military Construction Appropriations, 1973, pp. 125-126). In particular, in the early seventies DoD focused on a program to subsidize the private construction of low-income rental units: the Section 236 program.

The DoD also pursued FHA insurance guarantees for construction projects in areas in which there were large military bases but was unsuccessful in its efforts. DHUD considered these areas high risk. Military experience with Section 236 housing was quite positive (House Subcommittee on Military Construction Appropriations, 1973, pp. 125-126; House Subcommittee on Military Construction Appropriations, 1974, pp. 61-62). Unfortunately, in the early seventies some DHUD programs, among these 236, were rocked by scandals and stories of fraud and abuse. As the Vietnam War was ending and the services prepared for a significant force draw down and the inception of the new All-Volunteer Force, President Nixon announced a moratorium on all subsidized housing programs under the jurisdiction of DHUD.

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## **Summary**

Prior to World War II, military housing sheltered a relatively small force. Built in conjunction with fortresses in isolated locations, military housing was established along the Nation's coastlines and expanding western frontiers. Frequently miserable in quality, military housing received little attention from government. Expansion of the stock of military housing occurred in tandem with (1) civilian housing expansion, (2) economic competition for recruit-aged men (good economic times), and (3) severe economic distress, when spurring public works became politically palatable.

In the aftermath of World War II, the United States assumed major world responsibilities and the associated burden of maintaining a large military. The Cold War that followed World War II and the Korean War reinforced the Nation's acceptance of supporting a large standing military force, with the percentage of married members increasing from 35% to 45% in the fifties (Defense Science Board, 1995). In the years immediately following World War II, in the context of military and civilian Keynesianism, the federal government directly and indirectly financed expanded housing construction, particularly single-family suburban construction, on the economy. While efforts were undertaken to house low-income families, federal policies favored moderate-income families and home ownership.

In the context of the post-World War II suburban housing explosion, dramatic expansion of military family housing occurred, through two privatization initiatives known as the Wherry and Capehart programs. These two programs produced more than 200,000 housing units and contributed significantly to the existing stock of military housing. While the Department of Defense initially intended to provide military housing for all of its career force members, this policy goal was never achieved.

As the DoD moved to a neoclassical economics approach (Shields, 1993), military family housing policy increasingly focused on obtaining private sector and publicly subsidized housing on the economy, with the costs offset by monetary allowances provided in lieu of housing. By the close of the sixties, this shift in emphasis had clearly become DoD policy. Similarly, as the DoD implemented its all-volunteer force structure, the Nation began a steady move away from subsidized new construction of low- and moderate-income housing, toward enhancing the resources of low- income families (through certificates and vouchers) to offset the rental costs associated with private housing. The provision of federally funded public housing for civilians was increasingly viewed with disfavor.

## Timeline: The New All-Volunteer Force

1973 - 1996

⇒⇒1973⇒⇒1975⇒⇒1980⇒⇒1985⇒⇒1990⇒⇒1995⇒⇒⇒⇒⇒  
 1973 Cease-fire and Inception of AVF  
 Forces drawn down; base closure & realignment  
**Official, permanent recognition of marital status of all enlisted personnel**  
**Supreme Court rules different treatment of military men and women under BAQ unconstitutional**  
 1973 subsidized housing programs "frozen"  
 Experiment with civilian housing allowance  
 President Nixon resigns; Gerald R. Ford assumes Presidency  
 1974, Housing & Community Development Act  
 Section 8 Program  
 Inflation and recession  
 1975 Home Mortgage Disclosure Act  
 Jimmy Carter elected President  
 Focus on economy; Deregulation; Human Rights  
 Inflation and unemployment continue  
 1979 Camp David Peace Accord  
 Iranian hostage crisis; Soviet invasion of Afghanistan  
 VHA created  
 1980 Ronald Reagan elected President  
 Reagan Revolution & Supply-side Economics  
 1981-1983 Back-to-back recessions  
 1983, Section 8 Voucher Program  
**Military Housing: Sections 801 and 802 signed into law**  
 1986 Tax Reform Act;  
 Low Income Housing Tax Credit Program created  
 1988 George Bush elected President  
 Economic recession; housing slump  
**Budget Enforcement Act, 1990 kills Section 801**  
 International realignment;  
 "New World Order"  
 Base closure & realignment;  
 Persian Gulf War  
 1992 William J. Clinton elected  
 Domestic policy focus  
 1994 Contract with America  
 ⇒⇒1973⇒⇒1975⇒⇒1980⇒⇒1985⇒⇒1990⇒⇒1995⇒⇒⇒⇒⇒

**Note: Boldface type denotes changes in military housing policy.**

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## **PART II: HOUSING THE AVF: THE FIRST TWO DECADES**

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### ***The 1970s: Introducing a New All-Volunteer Force***

The seventies brought significant change to the Department of Defense and the Nation. Political leadership shifted with the resignation of President Nixon. The DoD had three Defense Secretaries in 1973 and another in 1975 (Cohn, 1974; Maxfield, 1976).<sup>iii</sup> The protracted process of base realignment and closure that continues to the present began in earnest. These developments paralleled the cease-fire in Vietnam, opportunities to draw down force strength, and the introduction of the All-Volunteer Force (AVF) concept.

Relations with the Soviet Union alternately improved (*détente*) and deteriorated (the Soviet Union's role in the Mideast War) (Cohn, 1974; Towell, 1977). At the beginning of the decade, Congressional leaders discussed the potential of a peace dividend following the cease-fire in Vietnam. By the close of the decade, reporters commented that the Vietnam syndrome—symbolized by Congressional reluctance to increase military spending and commit troops to conflict—was over (Towell, 1980). At the same time, there was increased concern over the relative military strength of the Soviet Union and other international threats to peace and political stability (Towell).

The tremendous economic growth that the United States enjoyed in post-World War II years faltered in the mid- and late sixties (Feldman & Florida, 1990). The seventies brought unparalleled inflation combined with slow growth and high rates of unemployment. Housing, utility and fuel prices soared, affecting all households and public and private entities involved in the housing industry. Housing prices increased even as the Nation reconsidered its commitment to federal housing programs, especially public housing.

Decrying the structure and results of subsidized housing programs in the United States, in the early seventies President Nixon froze these DHUD programs. Although subsequent action on the part of the government continued federally backed low-income housing production, questions remained about the direction of federal housing policy. By 1978,

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<sup>iii</sup> The Congressional Quarterly Almanac of 1973 notes that Melvin Laird left as Secretary of Defense in January of 1973, to be replaced by Elliot Richardson. Elliot Richardson subsequently moved to the Attorney General's Office and was replaced by Schlesinger in April of 1973. In 1975, then President Ford dismissed Schlesinger and replaced him with Rumsfeld. See The Congressional Quarterly Almanac of 1973 and 1975.



experimentation with tenant-based certificate subsidies had started as a prelude to ceasing production of federally sponsored public housing (Feldman & Florida, 1990).

The United States also experienced tremendous social change in the seventies. Large numbers of married women, with and without young children, entered the workforce. Family forms changed, with increased numbers of divorces and remarriages, and with the increased public presentation of alternative family structures. Between 1970 and 1980, the proportion of households comprised of families (with or without children) dropped from 81% to 74%. The average household size declined over the same period, from 3.14 persons in 1970, to 2.76 persons in 1980 (Rawlings, 1997). Smaller families and single households provided the new market for builders in the civilian community (Burt, 1992), and builders responded to those with incomes sufficient to compete in the housing marketplace.

Concomitant with the shift to an all-volunteer military force, and in the context of important civil rights gains for women, other demographic changes occurred within the DoD. Among enlisted members, the married proportion increased in the early years of the decade. They strained DoD housing programs and allowance systems, both of which were insufficient to yield adequate housing (on base or in the community) for many. In the context of the AVF and high unemployment rates, the racial, ethnic, and gender composition of the Armed Forces also changed. Increasingly, the services relied upon minority members for new recruits and the proportion of women in the services rose (Segal, M.W., 1986; Segal, D. R., 1989).

DoD did not alter housing assignment policies to target on-base housing to junior enlisted families. Rather, it redefined career status to include more of those in grade E-4, continued to build housing on base for those who made a career commitment to the services, and relied upon civilian sector programs available through DHUD to meet the needs of junior enlisted personnel with families. Young enlisted members with families, as well as some mid-grade personnel and junior officers experienced severe rent burdens in high-cost areas. Housing purchases were out of reach, even for many senior enlisted members. Involuntary family separation or poor living standards were the only options in some locations. Table 1 highlights these changes, focusing on the social, political, international, economic and technological contextual factors in which housing policies developed.

**Table 1**  
**The Seventies: Contextual Factors**

| <b>National Issues</b>  | <b>Military Specific Issues</b>   |
|---|---|
| <ul style="list-style-type: none"> <li>Increased numbers of mothers entering the workforce</li> </ul>   | <ul style="list-style-type: none"> <li>Increasing numbers of women and minorities</li> </ul>  |
| <ul style="list-style-type: none"> <li>Decline in percentage of two-parent families; dramatic increase in single parent households</li> </ul>                                       | <ul style="list-style-type: none"> <li>Increasing percentage of young, two-parent military families</li> </ul>  |
| <ul style="list-style-type: none"> <li>Increased demand for smaller housing units</li> </ul>  | <ul style="list-style-type: none"> <li>Increased demand for family housing</li> </ul>   |
| <ul style="list-style-type: none"> <li>End of the Nixon Years</li> </ul>  | <ul style="list-style-type: none"> <li>Four Secretaries of Defense</li> <li>Vietnam cease-fire &amp; force draw down</li> <li>Inception of all-volunteer force concept</li> </ul> |
| <ul style="list-style-type: none"> <li>DHUD programs frozen ('73)</li> </ul>  | <ul style="list-style-type: none"> <li>Section 236 with military set-aside affected</li> </ul>  |
| <ul style="list-style-type: none"> <li>International realignment: détente early in decade, followed by increased concern over Soviet military strength</li> </ul>                   | <ul style="list-style-type: none"> <li>Start of base realignment &amp; closure process; modernization of military forces in Europe</li> </ul>                                     |
| <ul style="list-style-type: none"> <li>Inflation &amp; stagflation cause dramatic increases in housing costs (e.g., financing, development, maintenance &amp; utilities)</li> </ul> | <ul style="list-style-type: none"> <li>Rising housing costs for military families living off-base; rising operation and maintenance costs for on-base housing</li> </ul>          |
| <ul style="list-style-type: none"> <li>Oil crisis</li> </ul>  | <ul style="list-style-type: none"> <li>Experimentation with metering of government quarters for energy conservation</li> </ul>  |

### ***Cease-Fire in Vietnam, Force Draw Down and the AVF***

The cease-fire in Vietnam set the stage for a significant draw down of U.S. forces and base realignment and closure efforts. In April of 1973, DoD announced that it would move to close, reduce, or consolidate the functions at 128 installations in the United States and Puerto Rico (Cohn, 1974, p. 918). Congressional leaders, concerned about the economic impact of these closures in their districts, fought to control the base closure process (cf. Towell, 1976,

p. 1161). The tensions surrounding base closure decisions resulted from the direct and indirect economic contributions these bases make to local and regional economies within the United States, as well as the opportunities these bases offer politicians to funnel monies to their home districts (cf. Towell, 1978, p. 1630).

*The local military base as a significant public works site is a recurring theme in political decision-making in the seventies, a theme that has continued through the eighties and nineties.*

Even as discussions ensued over the need to draw down U.S. forces, the end of conscription and the AVF concept initiated concerns over how DoD could recruit and retain high-quality volunteers in competition with the market (Baldwin, 1993). Morale was also a serious problem, as evidenced in Congressional testimony (House Subcommittee on Military Construction Appropriations, 1981a, p. 433).

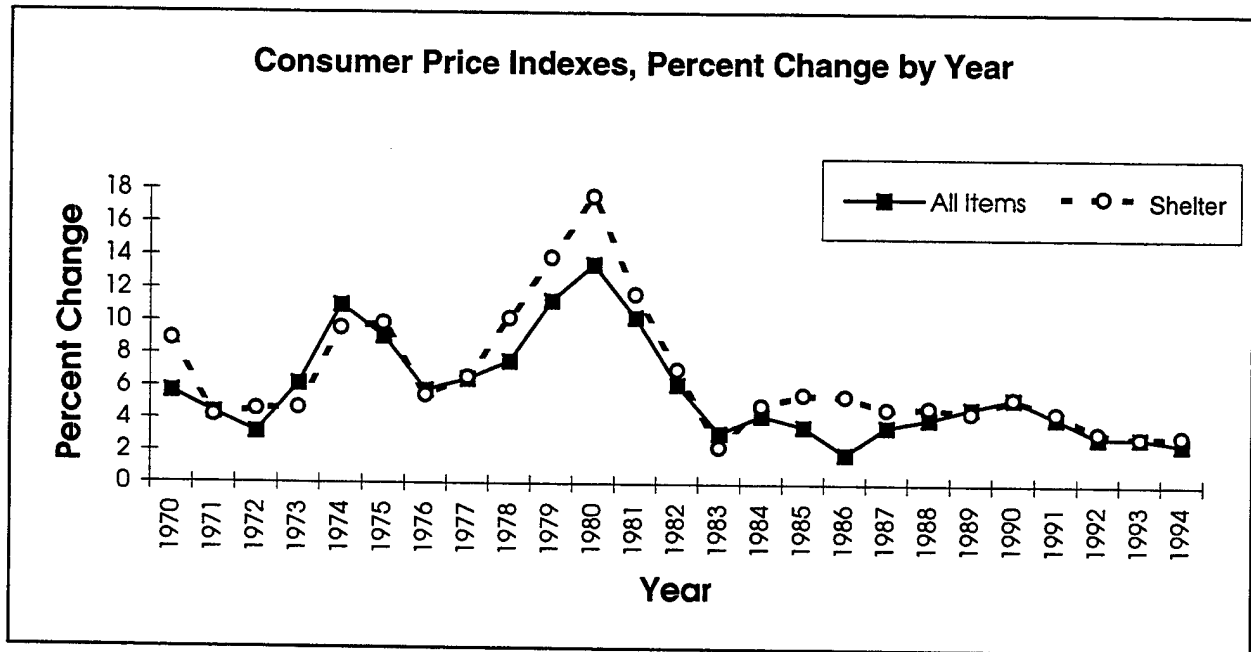
The Army, Navy and Marines experienced difficulties meeting their recruiting goals. The services lost many experienced military members (House Subcommittee on Military Construction Appropriations, 1981a, p. 422). Early in the implementation of the AVF, Congressional leaders and others acknowledged that the anticipated post-Vietnam peace dividend would never be realized. The monies would go to increase pay and benefits (among these, housing) to attract and retain military members (Cohn, 1974, p. 875). Congressional leaders supported ending the draft and the establishment of an all-volunteer military. They accepted that the quality of life of military members had to be enhanced to sustain the All-Volunteer Force concept. Thus, even as the total force was drawn down in absolute size, personnel costs increased (Cohn).

### ***Stagflation and the Energy Crisis***

The fifties and early sixties were times of rapid economic growth, fueled in large measure by post-war building and relative U.S. hegemony in industrial production, following the destruction of much of Europe. In contrast, the mid- and late sixties launched the beginning of economic stagnation, followed by more severe and unique economic crises. The term *stagflation* was coined to describe the slow growth and high inflation rates of the seventies. The cost-of-living rose precipitously for all Americans. "Massive and uneven inflation in house prices" resulted when speculators sought profits and inflation protection (Feldman & Florida, 1990, p. 39). Feldman and Florida noted that between 1971 and 1977, "mortgage debt on one- to four-family houses rose by over 350%, from \$27 billion to over \$95 billion" (p. 38). Among military members,

those living on the economy were the most adversely affected. Figure 3 presents a graphic image of the problem by looking at the percentage increase in the consumer price indices for all goods and for shelter between 1970 and the 1990s.

Figure 3



Source: Department of Commerce (1995). *Statistical Abstract of the United States: 1995* (115<sup>th</sup> edition). Washington, DC: Author. Table 761 "Consumer Price Indexes (CPI-U), by Major Groups: 1960-1994."

Developments in the Mideast brought a fuel crisis and soaring utility costs. Among military members, those living on the economy were again the most vulnerable, as those in government housing do not pay for their utilities. The DoD pays the utility bills for military quarters. As more operation and maintenance dollars paid for rising utility costs, fewer were available for repair and upkeep of existing military housing (House Subcommittee on Military Construction Appropriations, 1975). Further, dollars appropriated for new construction were insufficient in the context of rapid inflation. Cost overruns became a significant problem (Mathiasen, 1975).

## ***The Changing U.S. Household***

The United States experienced growth in the total number of households during the seventies as a function of total population growth *and* personal choice. Population growth accounted for some, but not all of the increase in households formed in the seventies. "Both owners and renters shifted to smaller households, with renters moving further in this direction" (Burt, 1992, p. 35). In essence, more and more people chose, or were forced as a result of divorce or involuntary separation, to live alone or with fewer people.

Census data reveal that the absolute number of households in the Nation rose, on average, 1.7 million per year during the seventies (compared to 1.3 million per year in the eighties and approximately 940,000 per year in the nineties). Over the course of the decade, the proportion of these households classified as family households—with or without children—declined from 81% in 1970 to 74% in 1980. The average number of persons per household declined from 3.4 in 1970 to 2.76 in 1980 and the number of single parent households increased at a dramatic rate, growing on average 6% per year (Rawlings, 1997). In the military, a very different post-World War II trend continued.

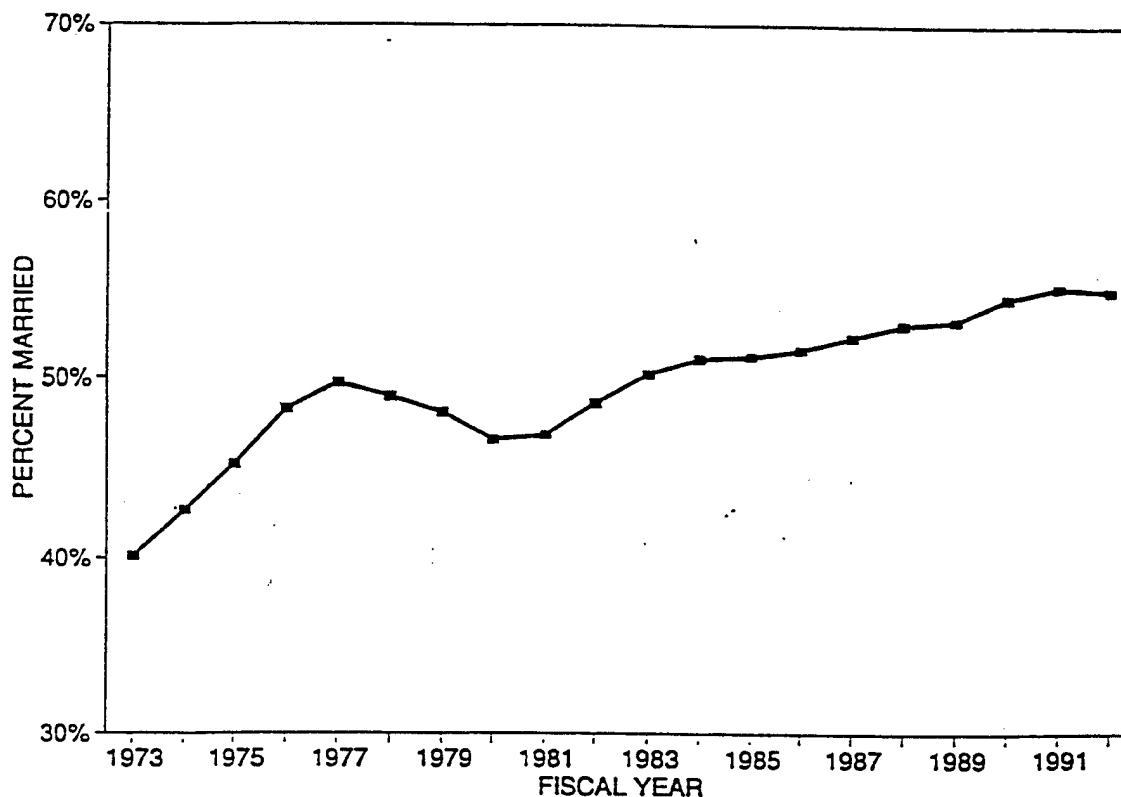
## ***The Changing Military Force***

Concomitant with the shift to an all-volunteer force, the trend toward an increasingly married military force continued (Segal, 1986; Westat, 1994). More young, nuclear families remained in the military, particularly among enlisted members. As Figure 4 illustrates, in the first seven years of the decade the proportion of married military members among the enlisted ranks grew.

Junior enlisted personnel with families represented a significant crisis for military housing policy. In 1975, 21.5% of those in grades E-1 through E-3, across the services and in all locations, had family members, yet were considered ineligible for on-base family housing. As reported by the Defense Manpower Data Center (DMDC, 1996-97), while this proportion with families had dropped to 15.1% by 1980, thereafter it rose, reaching 22.3% in 1995. These military members received the lowest pay and allowances and were not eligible for on-base family housing.

Figure 4

Percent of Enlisted Force Who Were Married Fiscal Years 1973-1992



Source: Office of Assistant Secretary of Defense (Personnel & Readiness). (December 1993). *Family Status and Initial Term of Service, Vol. II, Trends & Indicators. Chapter 4, p.7.* Washington, DC: Author.

The new AVF also brought greater reliance upon racial and ethnic minorities and women (Segal, M.W., 1986; Segal, D. R., 1989). Among active duty enlisted personnel, the percentage of African-American members climbed from 12.6% in 1972 to 16.6% in 1976 (Brown, 1981). Historic racial differences among the services continued, with the Army having the largest percentage of minority group members. Segal (1989, p. 112) reported that concomitant with high rates of African-American youth unemployment in the early years of the AVF, "... as many as one third of new recruits in the Army have been black." While women comprised less than 2% of all enlisted members of the Armed Forces prior to the AVF, their proportion among enlisted members rose to 6% by Fiscal Year (FY) 1977 (Brown, 1978).

In the seventies, new recruits were less likely to have graduated from high school than their civilian counterparts. In 1979, only 64% of the Army's recruits were high school graduates. This reflects the Army's serious

difficulties meeting recruiting targets during the seventies (CBO, 1989). Across the services, fewer than 70% of active duty recruits had high school degrees in 1980 (CBO).

This demographic profile of new recruits, coupled with higher rates of marriage, brought pressures for enhanced quality-of-life supports and services for at least two reasons. There were increased demands for supports and services associated with young family formation among new recruits (McCubbin, Dahl, & Hunter, 1976). The DoD and the Armed Forces needed to provide for and care for those coming into the service. Secondly, military leaders desiring to enhance the quality of the recruit pool, recognized that improved pay and quality-of-life policies and programs were needed to attract well-educated youth (Baldwin, 1993).

### ***Duties and Career Experiences***

The early seventies were marked by the military's preoccupation with the final stages of the Vietnam War, including public opposition to the war that was often manifested by public opposition to military conscription (Segal, Burns, Silver, Falk & Sharda, unpublished manuscript). Military morale was at a low point (Shannon & Sullivan, 1993) and post-war downsizing meant the end of military career opportunities for many already in the service. The DoD's adoption of the AVF concept provided an alternative thrust toward a professional military, one where conscription was replaced by true volunteers, those planning a career and choosing among employment alternatives (Segal et al., unpublished manuscript).

The Soviet Union re-emerged as America's primary threat. As many as one-third of America's Army, and a large part of the Navy and Air Force were engaged, preparing for a battle on and near the European Continent. The hallmark of military service was an overseas tour of duty, often accompanied by family members. Many career military members serving in the seventies experienced more than one overseas tour. Despite limited training budgets, individual and small unit collective training was an important leadership priority. During the seventies, senior military leaders became increasingly concerned about the impact of family issues on military members' readiness. This was a period of the initial development for many (often volunteer based) family support programs and services on American military bases around the world (Albano, 1994; McNelis, 1987).

## ***Military Housing in the Seventies***

In the context of the new AVF, the services requested increased spending in quality-of-life areas (Baldwin, 1993). Efforts targeted career enlisted personnel. The services emphasized new construction as well as replacement and repair of the existing housing stock, especially for unaccompanied members, but also for members with families (Cohn, 1974; House Subcommittee on Military Construction Appropriations, 1981a, 418-419).

Unaccompanied housing was of great concern. Throughout the seventies most unaccompanied enlisted personnel were expected to live on base, in barracks housing, or aboard ship, when space was available. The DoD and the services recognized that the open-bay design of barracks housing would be a problem in an all-volunteer context. New construction standards were developed for unaccompanied personnel, but these standards did not offer real privacy to new recruits (House Subcommittee on Military Construction Appropriations, 1981a, p. 436).

Where military family housing was concerned, the DoD and the services focused attention on career personnel and began planning for increased access to family housing for some lower ranking personnel. All members in pay grade E-4 were included in the calculation of the military family housing deficit in the early seventies, for example. More of those in pay grade E-4 became eligible for military family housing. The investments in military housing for unaccompanied personnel and military families were significant.

In spite of inflation, by the mid-seventies the services were reporting to the House of Representatives that dollars targeted to new construction and improvement of existing housing stock had significantly dented deficits in military family housing requirements. The services would now focus more upon improvements (House Subcommittee on Military Construction Appropriation, 1975, p. 382).

Concerns over continued inflation and utility costs influenced proposals for improvements and construction. Military construction legislation included funds to experiment with the metering of military family housing. The DoD also was encouraged to make use of solar power (Towell, July 30, 1977, p. 1570). In an effort to further reduce the costs of construction, some members of Congress unsuccessfully sought the exemption of some parts of the military construction budget from the Davis-Bacon Act, which required that construction workers be paid according to prevailing wage rates (Towell, June 11, 1977, pp. 1180-1181).



## Housing on the Economy

Military representatives recognized even as inflation and rising energy costs increased DoD's military housing costs, military members living on the economy were the most adversely affected. Affordability was the housing issue of the seventies, for military members and civilians alike. Availability was also an issue in some areas. The extreme depression of the housing industry in the mid-seventies resulted in an apartment crunch in urban areas (Bowman, 1976).

Housing stock in the United States increased in the aggregate. The owner-occupied stock increased by 30% and renter-occupied stock increased by 21% (Burt, 1992, p. 32). Home ownership rates remained relatively stable and federal policies made housing an attractive "hedge against inflation" (Burt, p. 35; Feldman & Florida, 1990). The number of privately owned housing units started rose and fell dramatically in the seventies (Figure 5). During peak years in the early and later years of the decade, more units were started than during any year in the eighties.

Figure 5

### New Privately Owned Housing Units Started



Source: Department of Commerce (1994). *Statistical Abstract of the U.S.: 1994* (114<sup>th</sup> edition). Washington, DC: Author. Table 1202 "New Privately-Owned Housing Units Started—Selected Characteristics: 1970-1993."

Of course, privately owned housing is not the only source of housing in the Nation. In spite of controversies surrounding public and subsidized private housing, more housing affordable to low-income households was produced through federal programs in the seventies than in later decades. Some 1.5 million new or substantially rehabilitated housing units were part of the stock produced through federal programs—including public housing, subsidized rental and subsidized low- to moderate-income homes (Burt, 1992, p. 32). The units supplied through federal programs represented 31% of the rental stock created during the decade (Burt).

### ***DHUD Programs and Military Families***

Military members with low incomes benefited directly from DHUD subsidized housing programs in the seventies. One program in particular—Section 236—included *set-asides* for military members and their families. Established in 1968, the program provided significantly subsidized interest rates for the financing of rental developments for low-income households (Feldman & Florida, 1990). FHA mortgage insurance could be coupled with these interest subsidies to shelter banks from potential losses (House Subcommittee on Military Construction Appropriations, 1975).

As initially planned, depending upon the area of the country, Section 236 could provide affordable rental housing to those in the junior enlisted grades (and, in some cases to those in the mid-grades and junior officers). AVF-inspired pay and allowance increases pushed the incomes of many military members out of eligibility for the program. However, the most junior enlisted families living in high-cost areas would still be eligible.

Early military experiences with Section 236 were positive, although the numbers of units desired by DoD were never realized.<sup>iv</sup> Private housing managers reportedly liked the program. Military members brought to subsidized housing projects what the working poor brought to public housing projects before they were barred from living there, stable income. Rear Admiral A. R. Marschall, representing the Navy before the House Subcommittee on Military Construction Appropriations in 1973, submitted information on other

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<sup>iv</sup> DoD originally proposed to FHA some 18,000 units. In the mid-seventies, of approximately 5,000 units available through the program's military set-aside, about 65% were occupied by military members and their families (House Subcommittee on Military Construction Appropriations, 1975 [Part 1], p. 76).

reasons Section 236 housing managers might prefer working with military families:

- military families tend to take good care of their residences;
- difficulties with individuals and/or families could be worked out through contact with key military or civilian base personnel (the housing referral office or a member's commanding officer) (House Subcommittee on Military Construction Appropriations, 1973, p. 62).

The DoD's reliance upon DHUD programs yielded negative consequences, as well. There was never enough subsidized housing to meet the Nation's civilian nor military needs. At the close of the decade, the Comptroller General (1979) decried DoD family occupancy of any subsidized civilian housing. He argued that DoD's reliance on DHUD programs and private sector housing for junior enlisted personnel with families was inconsistent with federal housing and community development objectives. DoD policy reduced the number of subsidized units and affordable private housing units available to low-income civilians. This increased competition and drove up costs at the lowest end of the rental market (Comptroller General, 1979).

DoD, with Congressional support, did pursue expansion of the stock of affordable housing on the economy (through DHUD programs) as the solution to housing problems for junior and mid-grade enlisted members with families. Specific efforts included extending FHA insurance to subsidized housing projects in high-risk non-metropolitan areas affected by military bases and permitting DoD to purchase housing already in existence if needed by the military. Neither of these efforts helped DoD eliminate military family housing deficits.

### ***Extending FHA Insurance***

The DoD wanted the Department of Housing and Urban Development to offer FHA insurance in militarily affected areas of the country perceived as high risk for investment. As noted in Part I (From Economic Boom to Bust...) FHA insurance is attractive to private lenders. In response to the DoD's housing needs, Congress developed legislation that became Section 318 of the Housing and Urban Development Act of 1974. The new legislation was to enable DHUD to make FHA available in militarily affected areas.

This initiative brought the DoD and DHUD into direct conflict. No progress was made in the seventies, in spite of both Congressional and DoD efforts to push DHUD to extend FHA insurance. Defense representatives reported that Housing officials did not believe that the new law provided the authority necessary to make insurance available in high-risk areas (House Subcommittee

on Military Construction Appropriations, 1975, pp. 82-83). Fears surfaced over what would happen if the services left these locations and DHUD was left to rescue the loans. These issues were unresolved until the early eighties, at which time DoD and DHUD reached an understanding and began joint work on three developments in Georgia and Louisiana. Even then, it was clear that DHUD programs would not resolve the military's housing problems.

The testimony of DHUD official George O. Hipps, Jr. provided important information on why DHUD programs might not be helpful to defense-affected areas (House Subcommittee on Military Construction Appropriation, 1980c, p. 557). He noted that FHA insurance is not a direct subsidy. It only assists in the production of *market-rate* rentals where private developers actively pursue projects. Hipps commented that as the economy was *not* encouraging low- and moderate-income housing development, FHA lending activity was decreasing. He noted that the Section 8 program—oriented to producing affordable housing for lower income families (like junior enlisted families)—could not possibly meet the needs of both civilian and military communities. Section 8 funds are distributed to Public Housing Authorities nationally and are always inadequate to meet existing needs. Military needs compete with all other housing needs. The bottom line: DHUD would cooperate with DoD but what they had to offer was extremely limited.

An additional problem with Section 8 projects mentioned during this hearing was that the program did not include a military set-aside (as Section 236 had). Military members might get a Section 8 rental. However, when they moved the unit would go to the next person with priority on the subsidized housing waiting list, civilian or military.

### ***Potential Military Solutions***

When Congressional testimony was provided on military construction appropriations for 1976, discussion had already begun within DoD on the inequities suffered by families living off post. A variable housing allowance to help offset the costs for those living on the economy was said to be under study. Equity issues were also behind preliminary discussions of a fair market rental strategy for both unaccompanied and accompanied military members (House Subcommittee on Military Construction Appropriations, 1975).

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## **Summary**

In the context of the new AVF, significant investments were made in housing for unaccompanied personnel and members with families. While improved construction standards were approved for unaccompanied personnel, space and privacy issues continued to be at the forefront of quality-of-life concerns. Most unaccompanied enlisted personnel continued to be required to live on base in barracks housing or aboard ship.

In the context of rampant inflation, housing on the economy continued to be a concern for military members with families, in spite of expansion of the stock of military and civilian sector housing. By the close of the seventies, there was yet no variable housing allowance, nor a fair market rental housing strategy. Given traditions that linked access to military family housing to career force status, housing remained a serious problem for junior enlisted members with families, even as the military sought a variety of other programs to enhance the quality of life for these young families.

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## ***The 1980s: Making a Success of the All-Volunteer Force***

The shift in government philosophy begun while President Carter was still in office accelerated and gained new emphasis in the eighties, specifically tax relief, particularly for more affluent Americans, deregulation and a stronger defense posture. Defense outlays increased over prior year spending by 11.3% in 1979 and by another 15.2% in 1980, rising from \$116.3 billion in 1979 to \$134.0 billion in 1980 (Department of Commerce, 1995). While the early and middle years of the decade—under President Reagan—brought significant budget increases to the Defense Department, by the close of the decade concerns over the federal deficit and international developments supported a decision to downsize the military and reexamine opportunities for base realignment and closure.

In an effort to make the AVF successful, Congress and the DoD continued seeking and implementing military quality of life improvements. Pay and benefits were enhanced. Improved military housing standards emerged and more unaccompanied personnel gained the right to choose to live off base. Enhanced quality of military life, and the recessions of the early eighties were associated with improved recruit quality. New recruits were increasingly better educated than recruit-aged youths in the population at large (CBO, 1989). They continued to be more diverse racially than the general population and more women continued to join the services.

Technological developments necessitated increasingly costly training for military members. The eighties also brought efforts to reorganize the DoD to focus more upon joint services operations. Congress sought to give the Chairman of the Joint Chiefs of Staff more power (and those within specific service departments less power).

In relationship to quality-of-life policies and programs, this shift to a joint perspective and joint operations meant that military members would gain greater exposure to inter-service differences in benefits. This offered the potential to aggravate or initiate dissatisfactions with quality-of-life policies and programs.

Table 2 summarizes these changes and provides a snapshot of the contextual factors shaping military housing policy in the eighties. The focus is on social, political and international, economic and technological developments and related housing policy changes.

**Table 2**  
**The Eighties: Contextual Factors**

| National Issues  | Military Specific Issues  |
|--|---|
| <ul style="list-style-type: none"> <li>• Young mothers continue to enter workforce</li> <li>• Nation becomes increasingly multi-cultural, multi-ethnic and multi-racial</li> </ul>   | <ul style="list-style-type: none"> <li>• Percentage of women and minorities increasing across the grade (rank) structure (including mid- to senior level ranks)</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Continued high divorce rates</li> <li>• Continued change in family forms; fewer family households, more nonfamily households; single parent families cont. to increase, but at slower rate than in seventies</li> </ul>     | <ul style="list-style-type: none"> <li>• Recognition of relationship between family life and retention (Year of the Military Family; White Paper on Army Families)</li> <li>• Increased demand for housing among junior enlisted families continues</li> </ul>  |
| <ul style="list-style-type: none"> <li>• The Reagan Years</li> </ul>   | <ul style="list-style-type: none"> <li>• Real growth in military spending</li> <li>• Military initiatives: e.g., 600-Ship Navy; Light Infantry Divisions</li> <li>• Focusing on "joint perspective" and joint service initiatives and training</li> <li>• Quality of life initiatives; "Home-basing" and "home-porting" initiatives; development of numerous community-based social services (professionalization of military social services)</li> </ul> |
| <ul style="list-style-type: none"> <li>• Increased concern over the Soviet Union's military strength</li> </ul>  | <ul style="list-style-type: none"> <li>• Responding to potentially big threats with big build-up yet very limited actual use of military forces (e.g., Grenada, Libya)</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Recession in early years</li> <li>• High rates of unemployment</li> <li>• Safety net is reduced</li> </ul>  | <ul style="list-style-type: none"> <li>• Military recruit quality increases</li> </ul>  |
| <ul style="list-style-type: none"> <li>• DHUD programs focus on direct tenant subsidies</li> <li>• Public housing dollars cut</li> <li>• DHUD budgets slashed, even though contract rents continue to rise faster than rate of inflation and incomes fall</li> </ul> | <ul style="list-style-type: none"> <li>• DoD focuses on enhancing housing allowances (Variable Housing Allowance implemented). DoD returns to privatization as vehicle for family housing (Section 801 and 802 housing pilots)</li> </ul>   |
| <ul style="list-style-type: none"> <li>• International realignment: shift from concerns over strength of "Evil Empire" to the fall of the Berlin Wall</li> </ul>   | <ul style="list-style-type: none"> <li>• Call for reduced military spending; downsizing, base closure and return of forces from overseas locations (cost-sharing proposals) -- base realignment &amp; closure a serious issue at close of decade</li> </ul>   |

## ***Moving to Real Growth in Military Spending***

The eighties brought to the White House President Reagan, a Republican who promised both a smaller federal government and a stronger defense posture. The ensuing DoD budget buildup of the early eighties involved *real growth*—growth that exceeded inflation. Increased defense budgets were predicated on a perceived military threat from the Soviet Union. The 1980s also brought efforts to reorganize the Department of Defense and to focus more upon joint services operations. Congress sought more power for the Chairman of the Joint Chiefs of Staff (and less power for those within the specific services). The *Congressional Quarterly Almanac* noted that the purpose of these changes was “to weaken the parochial perspectives of the separate services, thus giving more weight to professional military advice framed in a multi-service, or ‘joint’ perspective” (Towell, 1987, p. 453.)

## ***Real Growth in Military Spending and Military Quality of Life***

But we owe our military personnel something more. Not only because we care for our people—we try to take care of our own—but because we cannot fulfill our mission unless we can recruit and retain qualified and skilled personnel. Further, we must demonstrate to our men and women in service that their quality-of-life needs will be taken care of so that they can dedicate their full attention to the mission. When military members worry unduly about personal finances and whether their families are properly cared for, morale and efficiency decline with corresponding effects on retention and readiness.

Major General R. Dean Tice

House Subcommittee on Military Construction Appropriations, 1981b, p. 421

Between 1980 and 1985, the Army received real budget increases averaging 10% annually. The early eighties also brought support for a 600-ship Navy, to be achieved by the close of the decade. This was an ambitious goal for a service with 509 battle force ships in 1983 (CBO, 1983). The Navy estimated it would require 47,000 additional active duty members by the close of 1988; the Congressional Budget Office estimated that 19,000 more would be needed to sustain this projected buildup through 1990 (CBO).

With the support of Congress, and in the context of continued concerns about the military's ability to attract quality youth to an all-volunteer force, DoD won pay raises, enhanced benefits, and important improvements in a variety of quality of life areas. The term *quality of life* began appearing as an indexed subheading in the hearings of the House Subcommittee on Military Construction Appropriations. Senior enlisted personnel and family members were invited to provide testimony on their concerns (House Subcommittee on



military family issues and the stresses associated with military life. Discussion began over the possibility of home-basing and homeporting military members, that is, allowing members to be stationed at a single location for longer periods to avoid the costs and strains associated with frequent relocations (House Subcommittee on Military Construction Appropriations, 1983a).

Military and Congressional leaders associated improvements in military life with significant increases in the quality of new recruits. Quality-of-life programs and investments in military equipment were viewed as essential to overcoming what Army Chief of Staff General E. C. (Shy) Meyer referred to as the "hollow Army" (CBO, 1986, p. 1). By the late eighties, over 90% of new military recruits were high school graduates. This compared very favorably with data for 1979, when only 64% of those recruited to the Army had high school degrees, and with data across the services in 1980, when some 70% had diplomas (CBO, 1989).

These changes were also associated with a perceived positive shift in popular sentiment. General Chavarrie, testifying before Congress in 1984 stated that he believed that the Vietnam syndrome was over, and: "I think there is more respect for people in uniform, and I think we have begun to feel that. It takes a little while to come out from under the cloud" (House Subcommittee on Military Construction Appropriations 1984a, pp. 125-126). Senior enlisted representatives concurred.

The early eighties were a time in which military members and their families experienced hope that the quality of their lives would improve, that unnecessary hardships associated with military life would be addressed, and that they and their children would be respected and welcomed in civilian communities. For many of those in the civilian community, however, these years were a time of diminished expectations, as an otherwise weak economy brought job insecurity.

## ***Recession and a Reduced Safety Net***

You did ask a little earlier why or what do we relate to the high-quality person we are getting in, and I would have to say that the majority probably came in because of the recession or the economic problems that we had a few years ago.

Master Chief Petty Officer Billy Sanders, Navy  
House Subcommittee on Military Construction Appropriations, 1985a, p. 287

Two back-to-back recessions in the early eighties brought record-level post-war unemployment to regions of the United States. Young people looking for jobs in the early eighties had cause for concern. Middle class blue collar workers, as well as middle managers in white collar jobs, found themselves displaced by plant closings, mergers, and corporate downsizing (Bluestone & Harrison, 1982). Average wages, after accounting for inflation, declined for many workers and families. Poverty rates increased, and homelessness became more visible.

There was little assistance available to those entering or remaining in poverty in the eighties as cuts in social welfare spending for programs serving poor, nonelderly civilians diminished the ability of America's safety net to respond to need. A deficit-conscious Congress agreed to substantial cuts in social programs. In the realm of housing, for example, DHUD experienced severe cuts. New budget authority for low-income housing programs dropped from \$32 billion to less than \$8 billion between 1981 and 1988 (Bratt, 1989b, p. 4). During these years, contract rents increased 16% *faster than the rate of inflation*, reaching their highest levels in twenty years, and homeownership rates declined, particularly for younger households (Bratt, citing Apgar, 1989b, p. 4). Housing prices thus continued to rise as incomes fell, and government supports that might otherwise provide assistance were cut or eliminated. In this context, concerns over the deficit could not indefinitely support domestic spending cuts without concomitant cuts in military spending.

### ***"Real Zero Growth" versus "Zero Real Growth" in Defense Spending***

By the mid-eighties it was clear that tax cuts which were to launch trickle-down prosperity, coupled with increased defense spending and continued growth in entitlements, fueled unprecedented growth of the federal deficit. It also was becoming clear, within the context of the deficit ceilings established under the Gramm-Rudman-Hollings deficit reduction law, that President Reagan's budgets featured an implicit link between defense hikes and domestic spending cuts (Towell, 1987, 1988). Although the economy was reportedly in recovery by the mid-eighties, continued economic uncertainty and concerns over the deficit supported cuts in defense spending.

Conflict between Congress and the Reagan administration also played a role in diminished support for defense budgets. Reporters commented on House of Representatives members' opposition to Secretary Weinberger and concern over his stewardship of DoD dollars. They also noted conflict surrounding the Administration's arms control policies (cf., Towell, 1987, 1988, 1989). Halting military growth was furthered by these sentiments as well as by international developments later in the decade. Increasingly friendly relations with the Soviet Union greatly reduced fears over possible Soviet military aggression. By 1989, the Soviet Union and many of the former Warsaw Pact nations struggled to implement broad political reforms, broke away from prior international alignments, and focused upon internal economic, social, and political strife. The Berlin Wall fell. The make-up and future role of NATO became an open question, as did the role of the U.S. military in what President Bush would term *the New World Order*.

These international and national developments brought efforts to downsize the military and forced careful examination of defense priorities, particularly weapons modernization, training, and various quality of life initiatives. Housing, of course, becomes more expensive to maintain as it ages. While Congress continued to support housing initiatives within the United States, it repeatedly urged the DoD and the services to consider less expensive alternatives to military construction. For example, pre-fabricated, manufactured homes were endorsed (House Committee on Appropriations, September, 1985; Committee of the Conference, 1985; House Committee on Appropriations, 1988).

### ***Base Closure and Realignment***

The process of base closure and realignment that began in the seventies continued in the eighties (Towell, 1985, p. 1064; House Committee on Appropriations, 1985; Committee of the Conference, 1985, p. 5). However, increased force strength was more of an issue than downsizing during the early and middle years of the decade (House Subcommittee on Military Construction Appropriations, 1984a). Concerns over force strength were coupled with continued uncertainty about the role of U.S. Armed Forces in the future and where they would be stationed. In June 1982, the *Congressional Quarterly Weekly* noted that members of Congress were urging caution in the use of military construction funds, particularly where policy changes might lead to the future abandonment of projects (Towell, June 5, 1982, p. 1343). These concerns did not keep military construction dollars from flowing. Rather, increasingly, members of Congress targeted military construction funds to

locales within the United States (particularly their home districts), and to projects supporting Reserve and National Guard members (Towell, June 19, 1982, p. 1482).

By 1989 base closure emerged as the critical issue. A fund was established through the Military Construction Appropriation to finance the base closures and consolidations recommended by the Secretary of Defense's Commission on Base Realignment and Closure (the BRAC Commission).

### ***The Changing U.S. Household***

The eighties brought continuing change in the U.S. household, and in the same general direction established in the seventies: smaller households, with more single parent households and more nonfamily households. However, the pace of change was more moderate than that experienced in the seventies (Rawlings, 1997). In his analysis of U.S. census data, Rawlings reported that the absolute growth in the number of households slowed somewhat in the eighties. The average increase in the number of households was 1.3 million per year, compared to 1.7 million per year in the seventies. The proportion of households categorized as family households continued to drop, falling from 74% in 1980 to 71% in 1990. Perhaps more importantly, while families with children in the home continued to decline as a percentage of all families, single parent households continued to increase. Families with a child present in the home ceased being a majority of all families after 1982. The number of single parent families continued to rise in the eighties, but more moderately, increasing by 3.4% per year (in comparison to 6% per year in the seventies).

Reflective of a continued trend toward smaller households, between 1980 and 1990, the average household size again dropped, but only slightly in comparison to the seventies. Average household size in 1980 was 2.76, compared to 2.63 in 1990.

### ***The Changing Military Force***

The trend toward increasing proportions of families among the enlisted ranks continued in the eighties. New military family forms also emerged, paralleling social developments in the Nation; for example, there were more single head of household families (Teplitzky, Hedlund, & Nogami, 1987). The emerging force of the eighties was better educated. By the late eighties, the high school graduation rate of new recruits, then at 90%, surpassed the rate of the civilian recruit pool (CBO, 1989). The proportion of women in the Armed Forces continued to climb. In the early eighties, women accounted for approximately 9% of the active duty force. Future force projections anticipated continued

growth in the percentage of women in the Armed Forces (Office of the Assistant Secretary of Defense Manpower Reserve Affairs & Logistics [OASD MRA&L], 1983).

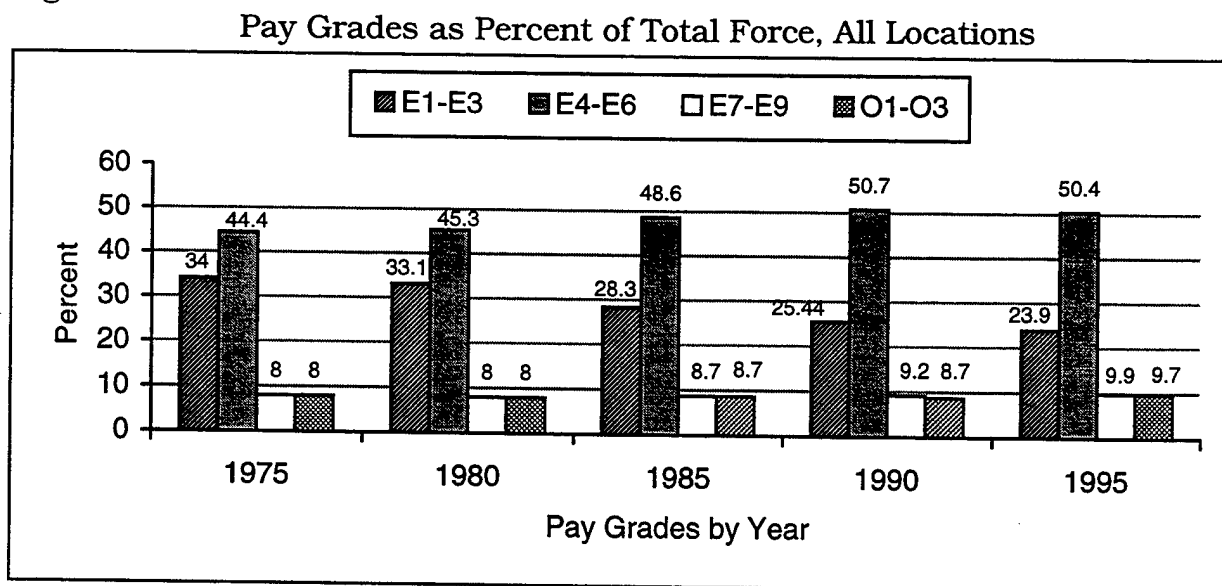
The racial composition of new recruits shifted somewhat in the eighties. The services continued to be more racially diverse than the comparably aged civilian population and the Army continued to be the most racially diverse force. However, the percentage of African-American members among new recruits declined in the eighties. This was accounted for principally by shifts within the Army and among male recruits; the percentage of African-Americans among female recruits, in every service except the Army, increased during these years (CBO, 1989).

With respect to socioeconomic background, it should be noted that African-Americans and Whites who enlisted during the eighties varied quite a bit. The CBO report found that "Black and white recruits tend to come from different socioeconomic strata within their respective populations," with African-Americans more likely to represent higher income, better educated strata within the African-American population and Whites more likely to come from lower income White strata (CBO, 1989, p. xiii).

In general, recruits tended to come from lower and middle income regions of the United States during the eighties, and not from the poorest or the wealthiest (CBO, 1989). There were differences among the services. For example, the Army and the Air Force were described by the CBO in 1989 as representing the two extremes among the services on measures of recruit quality which was defined in terms of educational background and general aptitude test scores. The Air Force was more likely to recruit members from higher socioeconomic areas (as a function of the high technology skills required by the Air Force).

*The rank structure of the services also changed in the eighties. Specifically, the proportion of the services comprised of the most junior enlisted members (those in pay grades E-1 through E-3) began to decline (DMDC, 1996-97). The overall force structure still resembled a pyramid, with a broad base and narrow apex. Increasingly, mid-grade personnel comprised the largest portion of the total force.*

Figure 6



Source: Defense Manpower Data Center, East, (1996-97). Active Duty Family Files for September 30, 1975, 1980, 1985, 1990 and 1995.

### ***Duties and Career Experiences***

The early eighties was a period of continued emphasis on the development of the AVF and support for the well-being of military personnel and their families (Albano, 1994). Efforts were made to improve the quality of military training beginning with entry-level experiences. The Army implemented a number of structural and organizational changes, including the development of the light infantry division concept and the creation of COHORT (Cohesion, Organization, and Training) units in the Army's combat arms. In these units first-term soldiers entered basic training together and subsequently transitioned into operational company-sized units with leaders who were scheduled to remain with these same soldiers through 18 to 24 months of service. These stable units were thought to provide the type of cohesive fighting force required on the modern, high-intensity battlefield (Walter Reed Army Institute of Research [WRAIR], 1985).

American military commitments in Europe and Asia continued to demand rotations of large numbers of military personnel, but by the end of the decade the reality of a changing threat and a corresponding move toward a much smaller professional military was clear (Martin & Orthner, 1989). Each of the services was becoming increasingly involved in applying emerging technologies and major combat training centers were providing opportunities for both individual service and joint service unit training. By the end of the eighties, world events were setting the stage for the benefits of this decade of military investment in people, equipment, and training.

## ***Military Housing in the Eighties***

The DoD and the services, with the support of the Congress, implemented meaningful quality-of-life policy changes related to military housing in the eighties. Efforts were made to (1) enhance space and privacy for unaccompanied personnel, (2) allow more unaccompanied personnel to move off base and to maintain private sector housing when assigned to sea duty, and (3) develop more (and better) military family housing.

### ***Unaccompanied Personnel Housing***

In 1980, the chair of the House Subcommittee on Military Construction Appropriations noted that the committee would "review the largest military construction program ever submitted by the President" (House Subcommittee on Military Construction, 1980b). DoD included in its requests for funding increased funds to build new spaces for unaccompanied personnel and to improve existing barracks. The Navy and Marine Corps were specifically noted as having a priority for funding in this area, to take care of serious deficits and maintenance backlogs (House Subcommittee on Military Construction Appropriations, 1980a, p. 234-235).

Most new construction and modernization was to benefit enlisted personnel, particularly those in grades E-6 and below in the United States. Unaccompanied members in these grades, for the most part, continued to be required to live on-base or aboard ship when space was available. One hundred and sixty-one and a one half million dollars (\$161.5m) were requested for new construction of enlisted unaccompanied housing, and \$4.8 million were requested for new construction of unaccompanied officer housing (House Subcommittee on Military Construction Appropriations, 1980b). In 1981, new construction requests continued focusing on unaccompanied personnel housing. Monies for 14,265 spaces for installations in the Continental United States (CONUS) were requested, targeted to those in grades E-6 and below.

In 1980 an important housing assignment policy change emerged, as well. Senior unaccompanied members in grades E-7 and above gained the statutory right to live off-base at their choice and receive a housing allowance (House Subcommittee on Military Construction Appropriations, 1981a, p. 75). Further, those in these pay grades assigned to sea duty less than 90 days gained the right to receive the BAQ (and maintain housing off base). In 1986, the 90-day

limit was removed so that those assigned to sea duty could receive the BAQ unless the assignment involved a permanent change of station (USCA, 1997; GAO, 1989).

In concert with continued efforts to attract high-quality recruits, the services also considered enhancing space and privacy for unaccompanied personnel an important priority. In 1983, new standards for unaccompanied housing were under review, and DoD anticipated using these standards for FY 85 housing requests. These new standards would call for "two men" per room (House Subcommittee on Military Construction Appropriations, 1983a). In spite of these advances—improvements in space and privacy, and investment—unaccompanied personnel housing was far from trouble-free.

Early in the eighties, Congressional leaders urged DoD to develop a comprehensive plan for unaccompanied personnel housing to address differential efforts within specific services. DoD consistently stated that unaccompanied personnel housing would be left to the services. DoD's job was to develop standards and call attention to problems, when necessary. With respect to service differentials, in 1983, the Army reported that it hoped to eliminate its unaccompanied housing deficits within nine years (by 1992). The Navy hoped to have its and the Marine Corp's unaccompanied housing deficits taken care of within eight to ten years. The Air Force proposed to completely upgrade its unaccompanied housing stock within six years (House Subcommittee on Military Construction Appropriations, 1983a, p. 234-235).

### ***Military Family Housing***

Where military families were concerned, the early eighties brought increased attention to the problems they faced. In 1980, concern over child abuse and neglect led the DoD to issue a directive on Family Advocacy. In 1983, Army Chief of Staff, General John A. Wickham, Jr. issued A White Paper on Army Families in which a philosophy supportive of families was declared "an institutional imperative" for the Army. Concomitant with the defense buildup and a focus upon military families, gains were made in funding for military family housing and in the housing allowances offered to military members. Much of the new construction during this period focused on the more junior of those defined as careerists and considered eligible for military family housing—those in grades E-4 through E-6 (House Subcommittee on Military Construction Appropriations, 1980c, p. 537).

In 1980 those in pay grades E-1 through E-3, and E-4s with less than two years of service continued to be classified as ineligible for military family



housing. Substandard on-base family housing could be made available to these families at the discretion of base commanders.

In the mid-eighties, the DoD and the services stopped referring to these pay grades as ineligible and began including their housing needs in calculations of housing deficits. This did not herald increased access to on-base family housing. It did offer hope for future accommodation of their needs.

The DoD continued to pursue new construction of family housing only where the private sector was not meeting the need, and only for career force members who desired on-base housing. It was noted that many career personnel had no desire to live on base (House Subcommittee on Military Construction Appropriations, 1980c, p. 569).

Increases in the family housing program continued beyond the mid-eighties, although by the close of the decade the rate of increase was diminished. As early as 1983 Congress expressed concern about DoD's family housing unit costs. Studies emerged arguing that new construction was not the solution to meeting the housing needs of military families (House Subcommittee on Military Construction Appropriations, 1983b, p. 773). Between 1985 and 1987, funding for military family housing increased by 12%, from 2.6 billion to 2.9 billion. A DoD official testifying before Congress in 1987 noted that the family housing program had provided more housing in the past two years than the previous six, and the previous six years were said to have been "pretty good" (House Subcommittee on Military Construction Appropriations, 1987; House Committee on Appropriations, 1985, p. 2). In 1988 funding increased to 3.1 billion and in 1989 it went to 3.3 billion, a 6% increase from 1988 (Department of Commerce, 1995).

Of note, early in the eighties, DoD decentralized management of the family housing program. The services gained control of the day-to-day decisions and management of their family housing programs. Baldwin (1996) noted that this corresponded with a desire to upgrade the management of military family housing. Military representatives commented that this brought the military in line with current business and organizational trends (e.g., decentralization of management). The Army viewed this as a great accomplishment (House Subcommittee on Military Construction Appropriations, 1982, p. 435).

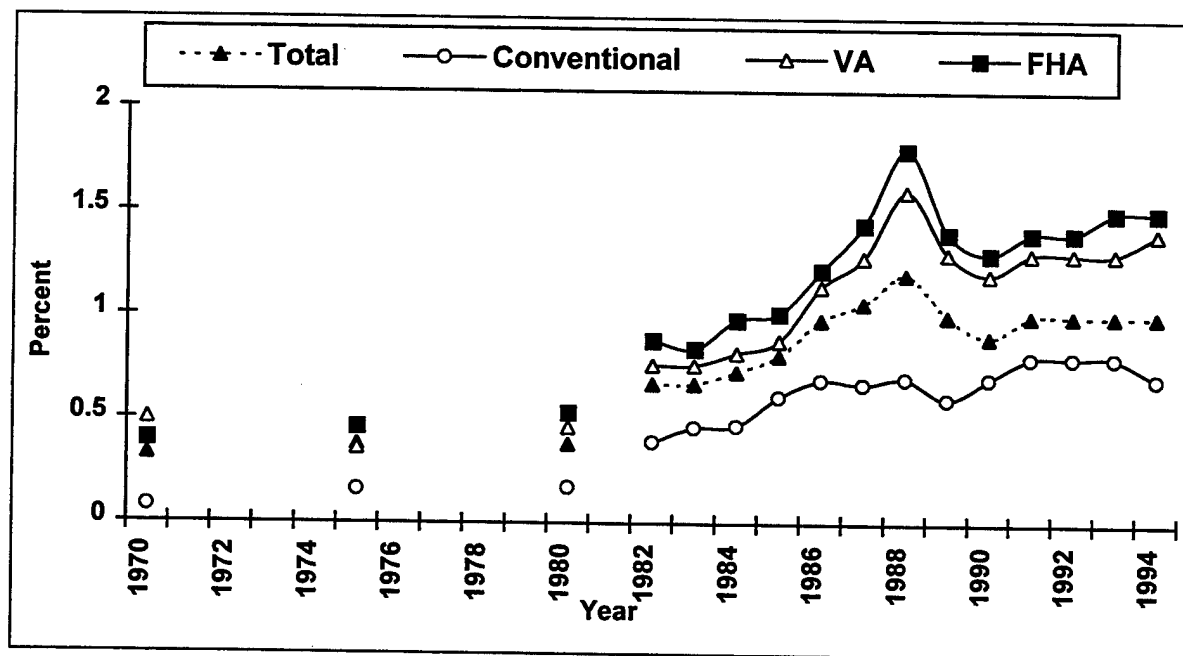
## Housing on the Economy

In the civilian sector, the early, recessionary years of the decade (1981-1982) witnessed dramatically decreased new, privately owned housing unit starts (See Figure 5, pg. 31). The housing industry readily reflects downturns in the economy, and the early years of the eighties were considered terrible years for housing. In 1983, the number of new privately owned unit starts increased and were relatively stable through 1986, yet remained well below peak starts in the seventies. Between 1987 and 1991, they again fell steadily.

Contract rents continued to increase in the eighties and homeownership rates declined, particularly for younger households (Bratt, citing Apgar, 1989b). For those with homes, economic and housing market pressures in the eighties are evidenced in mortgage foreclosure and delinquency rates. Home mortgage foreclosure rates (Figure 7) increased for most mortgage types throughout the decade. Mortgage delinquency rates (total, all mortgage types) rose and remained at approximately 5% from 1982 through 1986 (Figure 8).

Figure 7

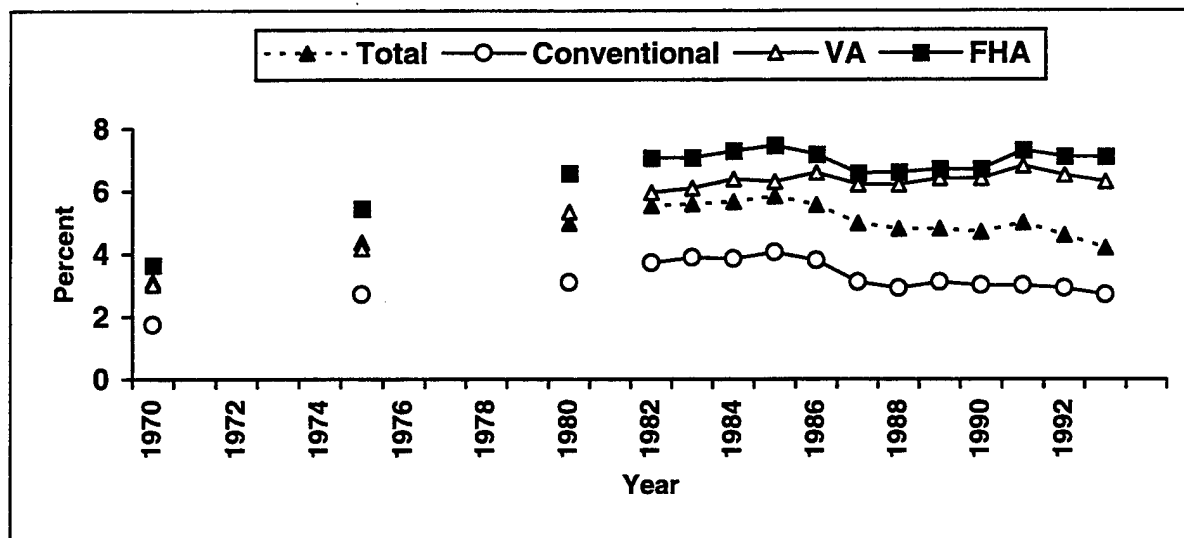
Mortgage Foreclosure Rates, by Year and Mortgage Type



Source: Department of Commerce (1995). *Statistical Abstract of the U.S.: 1995* (115<sup>th</sup> edition). Table 806 "Mortgage Delinquency and Foreclosure Rates: 1980-1994. (Data for period 1970-1980 taken from earlier editions.)

Figure 8

## Mortgage Delinquency Rates, by Year and Mortgage Type



Source: Department of Commerce (1995). *Statistical Abstract of the U.S.: 1995* (115<sup>th</sup> edition). Table 806 "Mortgage Delinquency and Foreclosure Rates: 1980-1994. (Data for period 1970-1980 taken from earlier editions.)

Insufficient production of low- and moderate-income housing was cited as a problem throughout the eighties by many housing analysts, with some calling the situation a crisis. There was significant debate on the availability and affordability of housing and its role, if any, in growing homelessness in the Nation (Burt, 1992). The Reagan administration consistently took the position that there was no need to increase the low-income rental stock and no housing crisis.

The debate likely had little meaning for those civilians and military members seeking housing in tight local markets. As noted by Bratt (1989b), evidence of severe local shortages of affordable housing existed, as did indications that the shortages would persist. DoD representatives noted repeatedly that (1) military members assigned to high-cost areas experienced serious difficulties finding affordable housing, and (2) that the private sector was not supplying housing affordable to the junior enlisted grades in these areas. The services attempted to resolve these problems on the compensation side (through enhanced allowances to subsidize existing civilian housing) and on the supply side (through privatization initiatives). DoD also continued to try to use DHUD programs to meet the needs of junior enlisted members in some areas (House Subcommittee on Military Construction Appropriations, 1980c, p. 570).

## ***The VHA Allowance***

Of great importance to military members and their families, the 1980 Military Personnel and Compensation Amendments established the Variable Housing Allowance (VHA). The VHA was to limit housing costs paid out-of-pocket by members within the same grades when they were living in high-cost housing areas. It was initially to be used wherever military housing costs exceeded 115% of the BAQ. At that time the BAQ covered approximately 65% of the median military cost of housing on the economy (by grade). The original goal of the VHA was to limit out-of-pocket cost absorption to no more than 15% of median military housing costs. (Of note, on the civilian side, DHUD changed its housing affordability guidelines in the eighties so that housing was considered affordable if it consumed no more than 30% of a household's income. Prior DHUD policy considered housing affordable if it consumed no more than 25% of a household's income.) While the VHA did not address the inequities between those in on-base housing and those living on the economy, it did lighten the economic burden of living on the economy.

It is doubtful that Congress originally envisioned that most military members living on the economy would receive the VHA (Hartman & Drayer, 1990). In practice, most members did receive both BAQ and VHA once VHA was available, with some 90% of military members living on the economy eligible for VHA by 1991 (CBO, 1993). In 1985, Congress authorized VHA differential rates based upon whether a military member had dependents or not (not based on the number of dependents), and this policy has continued to the present.

Studies have repeatedly noted that the structure of VHA leads to inequities in both high- and low-cost housing areas. VHA rates were based on the median monthly costs of housing *actually experienced* by military members of comparable rank and dependency status, by location, *rather than the median monthly costs of housing, by location*. In high-cost areas, basing allowances on military member costs leads to insufficient allowances because military members tend to both "rent down"—taking housing of insufficient size and of poorer quality—to maximize their allowances on the economy, and to get less housing at a greater cost relative to civilians in the same area (Smythe, 1994). Further, because the value of BAQ did not keep pace with housing costs, the percentage of housing costs not covered by the combined BAQ/VHA allowances rose from 10% to 20% between 1981 and the early 1990s (CBO, 1993). Alternatively, in low-cost areas, military members may "rent up"—taking housing of greater size and quality than they might otherwise be able to afford. This may produce inflated military housing costs in low-cost areas.

In spite of these problems, the VHA was an improvement in the quality of life of military members. Waiting lists for on-base housing reportedly decreased in the early eighties and this might be attributable to the inception of the VHA (House Subcommittee on Military Construction Appropriation, 1982, p. 519). The VHA may have been more beneficial if more affordable housing had been built during the period.

While more civilians received rental subsidies, the construction of publicly subsidized, new, low-income housing all but came to a halt by the end of the decade. DHUD's budget was slashed dramatically. The mission of the agency was clearly oriented toward securing housing through the private sector. Housing affordability became a major problem for increasing numbers of civilians during the eighties, with the percentage of *poor renter households* who paid more than 35% of their income for rent growing from 72% in 1978 to 79% by 1985 (Burt, 1992, p. 47).

### ***Privatization: Section 801 and 802 Housing***

In the early eighties, the DoD revisited privatization as a housing development tool. Debt payments for the Wherry and Capehart programs were diminishing. Soon these older units would be fully paid off. The administration desired rapid expansion of quality housing for military families, without greatly increased military construction appropriations. Constraints associated with the Office of Management and Budget's (OMB's) budget assessment requirements—termed *scoring*—made installment purchases (such as the Capehart program) too expensive. The total cost of the purchase had to be funded up front. Further, the administration was known for its ideological support of privatization.

On October 11, 1983, President Reagan signed into law the Military Construction Authorization Act of 1984. The law authorized the DoD to enter into housing development using private financing under two pilot programs. One pilot program was the Military Family Housing Leasing Program, commonly referred to as Section 801. Another pilot included in the new law, the Military Housing Rental Guarantee Program, is commonly referred to as Section 802. These programs are compared in Table 3.

**Table 3**  
**Comparison of Section 801 and Section 802**

| <b>Military Family Housing<br/>Leasing Program<br/>Section 801</b>   | <b>Military Housing Rental<br/>Guarantee Program<br/>Section 802</b>   |
|--|--|
| <ul style="list-style-type: none"> <li>Leases were limited to 20 years</li> </ul>  | <ul style="list-style-type: none"> <li>Rental guarantees offered for 15 years</li> </ul>   |
| <ul style="list-style-type: none"> <li>Initially for new construction only, on or near military installations, to military specifications; latter years rehabilitated units as well</li> </ul> | <ul style="list-style-type: none"> <li>Initially for new construction on or near military installations; latter years existing rehabilitated units as well</li> </ul>  |
| <ul style="list-style-type: none"> <li>No ceiling on per unit costs</li> <li>Units assigned to military members "rent free" -- housing allowances forfeited</li> </ul>                         | <ul style="list-style-type: none"> <li>Costs of 802 housing capped at BAQ+VHA+15% contribution of military member, less an estimate of the utility costs</li> <li>Military member receives housing allowance and enters into private lease with developer</li> <li>Rent in two parts, shelter &amp; maintenance; shelter rent to remain constant throughout the agreement; maintenance rent could increase with inflation</li> </ul> |
| <ul style="list-style-type: none"> <li>Limited to E4 &gt;2 years of service</li> </ul>   | <ul style="list-style-type: none"> <li>Priority occupancy for military members and their families; when not fully occupied by military members, open to the general public</li> </ul>  |

*Sources: Baldwin, 1996; GAO (October, 1986), Military Family Housing: Observations on DoD Build-to-Lease and Rental-Guarantee Housing Programs, Washington, DC: Author; House Subcommittee on Military Construction Appropriations, (1984b), Military Construction Appropriations for 1985, Part 4: Hearings before a Subcommittee of the Committee on Appropriations, House of Representatives, 98th Congress/2nd Session, Washington, DC: U.S. Government Printing Office.*

Section 801 was a build-to-lease program for new construction. It was originally seen as a program that would benefit junior enlisted members (Baldwin, 1996). When the legislation went to conference, only those in grades E-4 (with more than 2 years of service) and above were made eligible for the new housing. This was, again, related to the issue of time served (Baldwin), even though those in the services for three to four years may not intend to make a career commitment. Although the program got off to a slow start, it successfully produced housing. In 1984 three tests of the program were underway with the Navy taking the lead. By 1987 sixteen projects had been

awarded across the services. DoD anticipated that by FY 88 select projects would be substantially occupied (House Subcommittee on Military Construction Appropriations, 1984b, 1987). Between 1985 and 1995, the 801 program produced more than 11,000 homes across the services (Defense Science Board, 1995).

Though successful in producing units, the 801 program also experienced problems (Committee of the Conference, 1985; House Subcommittee on Military Construction Appropriations, 1986; Baldwin, 1996). Predictably, program costs and maintenance issues emerged. Developers bid close to the established cost ceilings, or maximum allowable costs. These high costs led to Congressional antipathy in the early years of the program. Costs were better controlled in later years.

Maintenance concerns (and lessons learned from prior Wherry housing experiences) yielded change in the program (Baldwin, 1996). Specifically, the DoD and the services would offer a net lease that covered construction only and contract separately for maintenance of the units (House Subcommittee on Military Construction Appropriations, 1987). In some cases, the government itself might provide the maintenance. Support for the program grew as cost and maintenance issues were addressed. Still, the build-to-lease program was not what the DoD, the services, or Congressional leaders considered the preferred method for producing needed housing. Congressional leaders voiced concerns over what the government would have to show for its money at the end of the lease. An Air Force and an OSD representative agreed that if an installment purchase option (like Capehart) could be pursued, that would be preferred. Installment purchase gave the DoD and the services control of the projects and real estate value for dollars spent (Committee of the Conference, 1985; House Committee on Appropriations, 1988). Budget scoring rules eliminated installment purchase as an option.

Section 802 provided rental guarantees to private developers. In stark contrast to the Section 801 program, Baldwin (1996) found that the 802 program produced little more than "a trickle of" housing for the Army. Its record with the other services was no better. Private developers were not attracted to the program. They may have shied away because the financial incentives did not outweigh perceived financial risks (Defense Science Board, 1995). Where 801 rents were tied to the costs of the housing, 802 rents were tied to military member allowances. These allowances, especially for junior enlisted members, would not entice developers.

Most military members living on the economy then (and now) are in the junior and mid-grade enlisted ranks. Their housing allowances purchase less

housing on the open market (compared to those in higher grades), particularly in high cost areas. DoD representatives testifying before Congress later in the eighties repeatedly noted that 802 might only be successful in rural and non-metro areas, where member allowances would cover developers' costs (House Subcommittee on Military Construction Appropriations, 1985b, p. 584-585). Unfortunately, they came to this conclusion several years after Congress determined the same (Baldwin, 1996; House Subcommittee on Military Construction Appropriations, 1987).

Housing analysts have repeatedly discussed this problem in the development of low- and moderate-cost housing. Given the costs of money (financing), land, and development, and the necessity for the private sector to make a profit, there is little incentive for private developers to produce low-income housing without significant subsidies—such as tax credits, reduced financing costs, or direct rental subsidies to cover real housing costs (Burt, 1992, p. 54-55; Achtenberg & Marcuse, 1986). This problem is evident in relation to the Section 8 Program. Prior to the eighties the Section 8 program provided project-based certificates which were tied to multi-unit projects. The subsidies remained in place as tenants came and went, ensuring income to the landlord. Burt has noted that in the transition to tenant-based (as opposed to project-based) Section 8 vouchers, the private sector's incentive to develop low-income housing was diminished. Tenant-based vouchers operate somewhat like military housing allowances. They are tied to the person and may be transferred to another rental unit when the person moves.

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## **Summary**

In the context of defense build-ups, concerns about the quality of the all-volunteer force, and ideological support for privatization of government functions, the DoD and the services, with the support of the Congress, implemented meaningful quality of life policy changes related to housing in the eighties. Efforts were made to (1) enhance space and privacy for unaccompanied personnel, (2) allow more unaccompanied personnel to move off base and to maintain private sector housing when assigned to sea duty, (3) develop more (and better) military family housing, (4) speed the production of family housing on the economy through privatization initiatives, and (5) enhance pay and housing allowances to make private sector housing more affordable.

Housing for junior enlisted members with families (as well as mid-grade and junior officer personnel) continued to be a problem, however, particularly in high-cost areas. Congress and the DoD were aware of, and continued to express concern over the obvious inequities in housing benefits for military



members. Those living on the economy continued losing income relative to the portion of members of comparable rank living on base (receiving housing without rental charges and utility expenses). Members of the House Subcommittee on Military Construction Appropriations continued pushing the DoD to increase access to existing on-base housing for junior enlisted personnel. However, this continued to conflict with military tradition and prior housing assignment policies.

Late in the eighties Congress approved a pilot housing program (The President's Economic Adjustment Committee, 1989). The new program was to engage the DoD in cooperative arrangements with local government and other Federal agencies to develop and stabilize affordable housing. The goal was to increase the availability of affordable housing in militarily affected areas. The rationale for the new effort acknowledged what had been known for some time. Junior enlisted members and low- and moderate-income Americans were hard pressed to find affordable housing in high-cost areas, and the services were hard pressed to find land for building new housing in these areas.

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## **PART III: HOUSING THE AVF: THE NINETIES TO THE PRESENT**

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### ***The 1990s: The Uncertain "New World Order"***

The nineties brought continued tumultuous political, economic, and social change. President Bush focused much of the energy of his administration on international affairs. Early in the decade the United States engaged its Armed Forces abroad in the United Nations' sanctioned Persian Gulf War. While public support for President Bush and the Armed Forces seemed enhanced in the wake of the Gulf War, the economic uncertainties of the eighties lingered.

The early years of the nineties, like the early years of the eighties, witnessed continued social and economic change. Household configuration and family form trends apparent in the seventies and eighties continued, but at a slower pace. The rate of increase in the number of households, nationally, declined. Family forms continued to change, with more single parent households and nonfamily households. Average household size continued to decrease, but only slightly. The early years of the nineties witnessed another economic recession. Housing starts plummeted to record lows in 1991. American fears, associated with global economic change, rapid technological change, and continued transformation of the national economy—embodied in the movement away from heavy industry and manufacturing—were evident. Kennedy (1993, p. 309) noted that "by the late 1980s more Americans thought the Japanese economic challenge to be a greater danger than the Soviet military challenge . . ." These fears clearly continued into the early nineties, and they brought a Democrat promising renewed support for domestic programs into the White House with the 1992 Presidential election.

During President Clinton's first term in office, however, his mandate was challenged by the 1994 election of a Republican majority in the House of Representatives. The new House Republicans campaigned on a platform titled the "Contract with America." One of the tenets of the "Contract"—balancing the federal budget—required a continued focus on reducing the deficit. This supported Congressional and Administration efforts to further cut social spending programs (for example, welfare reform), to diminish the size of government (the Reinventing Government initiatives), and to downsize the military. It also supported an increased emphasis on the privatization of functions and tasks carried out by government, to include public housing for civilians and military members alike.

Within the Department of Housing and Urban Development, Secretary Cisneros and his successor, Secretary Cuomo, embraced policies to further reduce the size of the public housing program, to encourage home ownership, and to change the economic mix of public housing inhabitants. They also pursued increased support for local initiatives, including non-profit housing initiatives. The Low Income Housing Tax Credit program (LIHTC) that was initially passed into law in the mid-eighties, was permanently extended by the Congress in 1993, signaling continued preference for subsidized private sector development of affordable housing. The LIHTC program grew significantly in size in the nineties.

Within the Department of Defense, pressures mounted to prioritize meeting the needs of a changing force, increasing operational tempo and numerous other-than-war service demands (for example, Somalia and Bosnia), and the costs associated with improved weaponry, in the context of reduced spending. The forces were downsized and those seeking to improve the quality of life of military members and their families increasingly looked at privatization as one option for enhancing services and supports. By 1996, calls were being made for the military to get out of housing altogether and Congress passed into law new housing privatization authorities to be tested by the DoD.

Table 4 highlights these changes. The focus is on the social, political, international, economic and technological context for housing policy changes.

**Table 4**  
**The Nineties: Contextual Factors**

| <b>National Issues</b>   | <b>Military Specific Issues</b>  |
|--|--|
| <ul style="list-style-type: none"> <li>Continued aging of the population; continued movement toward more multicultural, multiracial society</li> </ul>   | <ul style="list-style-type: none"> <li>Percentage of women and minorities increasing across the rank structure (including mid- to senior level ranks)</li> </ul>   |
| <ul style="list-style-type: none"> <li>Continued high divorce rates; continued growth of single parent households and nonfamily households</li> <li>Work-family interface issues</li> <li>Greater demand for flexibility in work arrangements</li> </ul>     | <ul style="list-style-type: none"> <li>Increasing percentage of non-traditional families among military families (e.g., dual career, single parent and families with elder care responsibilities)</li> </ul>   |
| <ul style="list-style-type: none"> <li>The Bush Years</li> <li>Economic recession in the early nineties; continued concern over the deficit, and national and international economic change</li> </ul>   | <ul style="list-style-type: none"> <li>The Gulf War Crisis</li> </ul>  |
| <ul style="list-style-type: none"> <li>The Clinton Years</li> </ul>  | <ul style="list-style-type: none"> <li>Defense downsizing; base closures and return of forces from Europe;</li> <li>Dr. Perry's focus on Quality of Life initiatives; "Home-basing" and "home-porting" gain emphasis; enhanced pay and benefits; increase in community services (e.g., child care, youth services, support for deployed families).</li> </ul>  |
| <ul style="list-style-type: none"> <li>International realignment</li> <li>Redefining and expanding NATO</li> <li>Redefining U.S. role in "New World Order"</li> </ul>  | <ul style="list-style-type: none"> <li>Base realignment &amp; closure continues</li> <li>Increased use of military forces for operations other than war, including international peace-making, peace-keeping and humanitarian roles (e.g., Bosnia, Haiti, South American drug interventions)</li> </ul>  |
| <ul style="list-style-type: none"> <li>Globalization of world's economies and labor continues domestic uncertainty</li> </ul>  | <ul style="list-style-type: none"> <li>Reduced military spending</li> <li>Focus on role of national guard and reserves</li> </ul>  |
| <ul style="list-style-type: none"> <li>Reinventing government</li> <li>Cisneros and Cuomo at DHUD</li> <li>Focus on enterprise/empowerment zones</li> <li>Privatization of public housing and movement of "working poor" back into public housing</li> </ul> | <ul style="list-style-type: none"> <li>DoD focuses on business practices (reinventing government): reducing infrastructure costs and personnel costs through outsourcing and privatization (e.g., CHAMPUS to TRI-CARE)</li> <li>"Fixing" housing allowances</li> <li>Enhancing barracks and moving more unaccompanied members off-base</li> <li>New public-private housing ventures (privatization)</li> </ul> |
| <ul style="list-style-type: none"> <li>Continued, rapid technological changes in industry</li> </ul>   | <ul style="list-style-type: none"> <li>DoD focusing on expenditures for technology-weapons modernization</li> </ul>  |

## ***Base Closure and Realignment***

Concerns over the deficit continued to exert real pressures upon DoD to support its missions and people, and maintain a weapons modernization schedule with reduced sums of money. Deficit concerns coupled with dramatic changes in international relations led to a Secretary of Defense ordered moratorium on new military construction in 1990. The temporary halting of new building provided time to reassess U.S. defense commitments and needs (Towell, 1990; House Committee on Appropriations, 1990; Senate Committee on Appropriations, 1990). The base realignment and closure process that started in the seventies advanced in the early nineties following Congressional approval in 1989 of a list of 86 bases scheduled for complete or partial closure (Doherty, 1992). Rounds of BRAC closings in 1988, 1991 and 1993 included decisions to close (in full or in part) 70 significant U.S. bases (GAO, 1997). Individual states and localities lobbied to keep their bases off the dreaded BRAC Commission list (GAO). The list proposed base closures and consolidations. The services and Congress increasingly envisioned the military of the future as much smaller and more dependent upon its reserve force structure for any large war (Towell, 1990, May 4, 1991).

The costs associated with base realignment and closure were (and continue to be) significant. Reporter Gregory Bowens (1993, p. 1589) of the *Congressional Quarterly Weekly* noted in 1993: "The cost of closing bases continued its upward tick this year, increasing by about \$994 million to \$3 billion. Of that, \$582 million would go to the environmental cleanup of bases that are being closed." In 1996, President Clinton signed a military construction bill into law that exceeded his original request for funding and included \$3.9 billion to fund costs associated with base closure (Towell, 1996).

## ***Military Quality-of-Life Initiatives***

Perhaps unexpectedly in this context of budget deficits, a new Secretary of Defense, Dr. William Perry, pushed for increased pay and housing allowances for active duty forces, as well as other quality-of-life initiatives. In 1995 the Defense Science Board Task Force on Quality of Life, commissioned by Dr. Perry, issued its report—frequently referred to as the Marsh Report. The report prominently featured a section on housing and the poor state of much of the unaccompanied personnel housing as well as the military family housing stock. Recommendations were made for extensive efforts to improve barracks housing for unaccompanied members, as well as family housing for members with dependents. A specific recommendation called for the development of a non-

profit military housing authority (See Proposals and New Initiatives). The recommendations of the Marsh report were recommendations only, not requirements that had to be fulfilled.

DoD budgets were cut in the nineties, including new construction monies (Bowens, June 12, 1993, p. 1493). However, Congress continued to demonstrate a preference for cutting funds for overseas projects, and focused upon spending military construction dollars at home, particularly in home districts (Towell, May 25, 1991, p. 1387; Palmer, September 4, 1991, p. 2639, October 5, 1991, p. 2885; Cassata, June 24, 1995, p. 1857, July 22, 1995, p. 2205; Senate Committee on Appropriations, 1990; House Committee on Appropriations, 1990).

### ***The Changing U.S. Household***

The pace of change in household size and composition slowed in the nineties. Households remained as small as they were in the eighties—average household size may have stabilized—and the American family continued to be characterized by diverse types or forms. Again, using U.S. census data, Rawlings (1997) reported that the absolute growth in the number of households slowed in the nineties. The average increase in the number of households dropped below 1 million per year, averaging 940,000 since 1990. Average household size dropped to 2.63 persons per household, remaining close to the 2.76 persons per household reported for 1980. The number of single parent families continued to rise, with an average rate of increase of 3.9% since 1990 (compared to 3.4% per year in the eighties and 6% in the seventies). Most single parent families are headed by White mothers. However, within ethnic and racial minority groups, single parent families are more common. For example, among White families with children, 25% had one parent in 1994. The same year, among African-American families, approximately 65% had one parent. Nonfamily households also continued to increase in number. Many of these households contained only one person and they accounted for 3 of every 10 households (Rawlings).

### ***The Changing Military Force***

The composition of the forces also continued to change somewhat in the nineties. As anticipated in the eighties, the proportion of women in the active duty force continued climbing slightly, reaching approximately 15% (Military Family Resource Center, 1996). The forces continued to be racially and ethnically diverse. As of September 1995, approximately 19% of the total force was African-American, with higher percentages of ethnic and racial minorities

among the enlisted than the officer ranks (Defense Equal Opportunity Management Institute [DEOMI], 1995).

Rank structure also continued to change across and within the services. In general, concomitant with a transition to a career force, those in the lowest pay grades accounted for yet less of the total force. Disparities among the services became more pronounced, however, related to their differing missions. For example, by 1995, 44.23% of the Marine Corps was comprised of those in pay grades E-1 through E-3, compared to 18.5% in the Air Force. Junior officers in pay grades O-1 through O-3 made up 6% of the Marine Corps' total force in 1995, while these same pay grades accounted for 12% of Air Force members (DMDC, 1996-97).

### ***Duties and Career Experiences***

The nineties began with the United States' participation in the Gulf War. This was, in some ways, the grand war that America had planned to fight on the plains of Central Europe. In fact, among the major participants were the same Army and Air Force units that were already deployed to Europe as part of NATO. The success of this brief war served to validate the military's emphasis on state-of-the-art weapons, a professional force, and continuous realistic individual and collective training (GAO, 1992). This war provided added stimulus to the previous debate on the role of women in the military (The Presidential Commission on Assignment of Women in the Armed Forces, 1993). Even before the start of the Gulf War, the United States had begun to dramatically reduce its force levels in Europe. Mandatory early retirements, more rigorous enlistment criteria, and a range of other personnel incentives were used to reduce the size of the active duty military to its lowest numbers since the pre-Vietnam War era. The nineties have been a time of continuous military deployments for peace-making, peace-keeping, and various humanitarian missions around the globe. The Army and Air Force have experienced the greatest increase in the percentage of those deployed, although the Navy continues to be the most deployed service with almost 15% of its sailors deployed at any point in time (Bogdanowicz, 1996).

### ***Military Housing in the Nineties***

Significant improvements were made in military housing and military housing policy in the nineties. Enhanced standards for space and privacy in unaccompanied housing were adopted. More unaccompanied members gained the statutory right to refuse substandard quarters, to receive a housing allowance, and to live off base. More unaccompanied members assigned to sea duty gained the right to receive an allowance and maintain private sector

housing while at sea. These changes provided some unaccompanied members with greater choices in their housing and others better on-base housing when required to live on base. More junior enlisted families gained access to on-base military family housing. This provided needed financial support and shelter for these families.

### ***Unaccompanied Personnel Housing***

Unaccompanied junior and mid-grade enlisted military members continued to live primarily in barracks (or dormitories) on base or aboard ship. The condition of their housing units remained a serious quality-of-life issue in a volunteer force (House Committee on Appropriations, 1996). Conditions aboard ship were considered an even worse problem (Defense Science Board, 1995).

In the nineties the DoD further enhanced space and privacy standards for new barracks. Moving beyond the construction standard of the eighties, a new standard was approved by the Secretary of Defense in November of 1995. The new standard, termed 1 + 1, provided for the following:

*a module consisting of two 118 net square feet (NSF) rooms, a bath and a kitchenette. Two E-1's through E-4's would be assigned to the module (each having a private 118 NSF room) and share a bath and a kitchenette. One E-5 through E-9 would be assigned to a module which would provide a private bath, kitchenette and a living room. The estimated cost for the standard is \$52,000 per space (House Committee on Appropriations, 1996).*

Full implementation of the standard will take years and will be available in some services much faster than others. In late 1996, the Air Force projected meeting the 1+1 standard sometime between 2008 and 2012; the Army hoped to get there by 2012 (Murphy and Stefanides, interviews). Complete implementation may take as long as 80 years for the Marine Corps (Engel, interview). Recognizing the difficulties it faced in upgrading its existing housing stock, the Marine Corps sought a waiver to the new standard.

In addition to enhanced space and privacy in new construction standards for barracks or dormitory housing, enlisted personnel gained increased housing options. The National Defense Authorization Act for FY 96 (P.L. 104-106) gave those in grades E-6 and above the statutory right to live off base and receive a housing allowance when assigned to *inadequate* quarters, that is quarters "that do not meet minimum adequacy standards established by the Department of Defense" (USCA, 1997). Further, those in pay grade E-6 assigned to sea duty became eligible for the BAQ. This latter change enabled these unaccompanied



personnel to maintain an apartment or home on the economy while at sea, a privilege already enjoyed by married personnel.

The on-base community included proportionally more very junior, unaccompanied personnel and more junior and mid-grade enlisted personnel with families than in prior decades (DMDC, 1996-97). In 1990 approximately 36% of unaccompanied members in grades E-4 through E-6 lived off base; by 1995, the percentage increased to 41.3%. The DMDC also reported that higher proportions of unaccompanied members in grades E-7 through E-9 and O-1 through O-3 also were living on the economy in 1995, compared to 1990.

### ***Military Family Housing***

DoD housing policy continued to dictate that military families seek housing on the economy—that is, in private housing in civilian communities—whenever possible, and most (approximately 70% in the United States) military families were in private, off-base housing in the mid-nineties (House Committee on Appropriations, 1996; DMDC, 1996-97). Military members living in the civilian community continued to be eligible for monies to offset their housing costs and a new combined housing allowance was passed into law to help many families in high-cost areas (P.L. 105-85).

Many military families living in high-cost areas, particularly junior enlisted families, continued to have difficulty finding adequate, safe and affordable housing. They may have, as a result (1) moved into substandard housing, (2) become isolated far from base resources and supports (OASDP&R, 1993), (3) shared housing with others, or (4) decided to temporarily separate from their families, with a spouse and child(ren) moving across the country to live with family while the military member moved into unaccompanied housing on base (House Committee on Appropriations, 1996; Comptroller General, 1979).

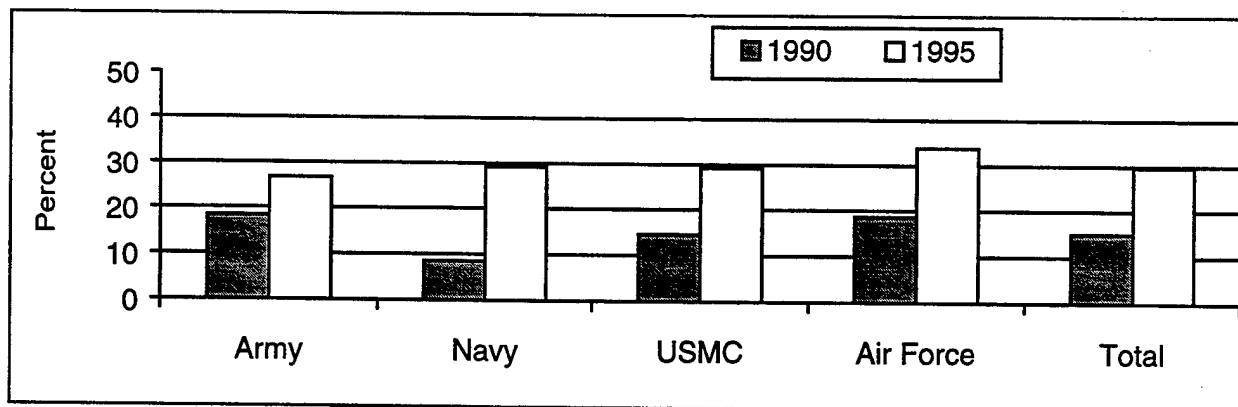
A slightly larger proportion of Army, Navy and Air Force senior enlisted personnel (E-7 to E-9) with families lived off base in 1995 compared to 1990. A correspondingly smaller share of on-base family housing was held for officers. Considerable change occurred within the first five years of this decade (Figure 9). These changes represented significant accomplishments in the quality-of-life arena.

As Figure 9 also illustrates, significant progress was made in opening access to on-base family housing for junior enlisted members with families. This change offered young families with small children improved access to needed on-base supports and services. Further, because the value of on-base housing is not counted as income, some members' families may have gained access to

important national health, education and human service programs (such as Head Start, WIC (Women, Infant and Children program), and the Food Stamp program).

Figure 9

Percent of Members in Pay Grades E-1 through E-3  
with Families Living on-base in the United States, 1990 and 1995



Source: Defense Manpower Data Center, (1996-97). *Active Duty Family Files for September 30, 1995 and September 30, 1990*. Of note, data displayed include only those whose location (e.g., State in United States) and on-/off-base status was known. Location or base status was unknown for 4.4% of those in grades E-1 through E-3 in 1990. Among the services, the percent unknown was 7% for the Army, 5.2% for the Marine Corps, 4.1% for the Air Force, and 1.2% for the Navy in 1990. Percent unknown decreased to 5% for the Army, to 2.5% for the Marines and to 3% for the Air Force in 1995. The Navy percent unknown was 1.3% in 1995.

Unfortunately, much of the existing stock of military family housing continued to be quite old: two-thirds of the current stock was acquired during the fifties and sixties (CBO, 1993; Defense Science Board, 1995). Many units required repair or replacement. This problem did not disproportionately affect any one military service. The average age and overall condition of the family housing stock available to each service differed little (Engel, Murphy and Stefanides, interviews).

### ***Proposals and New Initiatives***

Concern over the substandard conditions that plague much of the existing stock of DoD housing, increasing maintenance backlogs, and operating costs for both barracks and family housing, in a context of constrained defense budgets, pushed the DoD to reconsider the privatization of military housing operation, management, construction and maintenance. A 1995 Defense Science Board Task Force report recommended the creation of a Defense-wide Military Housing Authority.

The *Authority* would function as a government corporation with a public purpose (delivering quality, affordable housing and managing housing assets). It would focus on providing service to its customers (the Defense Department, military members and military families). It would not be responsible for tenant oversight, which would remain with the services. It would be nonprofit, returning any net surpluses to the corporation. All stock would be held in the name of the Secretary of Defense.

Defense Science Board, 1995, p. 51

This Housing Authority was not implemented. There were a variety of possible reasons. The most salient appeared to involve questions about the nature of the authority and whether it should function as a government entity (working within the appropriations process) or as a private entity (free of the appropriations process) (Stefanides, interview; Urban, phone conversation). As proposed, the Authority would have been a government non-profit corporation. It would have created a DoD-wide housing structure, potentially diminishing the control each Department currently has over the management and development of its own family housing programs. Although the authority itself was not created, recent legislation made available a number of authorities (administrative mechanisms) to privatize the development and modernization of housing.

#### **Military Housing Privatization Initiative, New Authorities Granted, 1996**

The DoD is now empowered to:

- Offer guarantees, both for loans and rental occupancy;
- Convey (transfer) or lease existing military property and facilities;
- Offer differential payments to supplement military members BAQ/VHA (for example, paying the difference between a junior enlisted member's combined BAQ/VHA allowances and the costs of a rental unit);
- Make investments, both as a limited partner and as an owner of stock/bonds;
- Make direct loans. These new authorities can be used *alone* or *in combination*.

*Source: Housing Revitalization Support Office (HRSO), (1996a). Congressional testimonies on the privatization of military housing offered by Robert E. Bayer, Deputy Assistant Secretary of Defense (Installations), Paul W. Johnson, Deputy Assistant Secretary of the Army (Installations & Housing), Duncan Holaday, Deputy Assistant Secretary of the Navy (Installations & Facilities), Jimmy Dishner, Deputy Assistant Secretary of the Air Force (Installations), Before The Subcommittee on Military Installations And Facilities of the House National Security Committee, 7 March 1996.*

These new authorities are oriented to a particular model of privatization. They allow the individual services to leverage private capital for construction of new housing as well as replacement and modernization of existing stock (P.L. 104-106).

A Defense Science Board study on "Achieving an Innovative Support Structure for the 21st Century Military Superiority" called for a yet more radical approach. It recommended that DoD 'get out of the housing business (wherever this is possible)' (Defense Science Board, 1996, p. I-37). The report argued that an adequate housing allowance and market forces would result in better housing for military personnel at lower costs (to DoD). It estimated that by divesting itself of a direct housing function, DoD could achieve a net annual cost reduction of \$1.3 billion dollars, achieve overall better housing of military personnel, and eliminate many of the existing inequities associated with military housing policies.

This report also recommended a common policy for unaccompanied personnel housing with the exception of junior bachelor enlisted personnel. It recommended housing those with less than two years of service on base for military socialization. While not stated, it would seem that the socialization argument for on-base housing should also apply to the estimated 50,000 junior enlisted sailors now living on board ships, and to those with less than two years of service with families, living on the economy.

While the DoD and Congress are unlikely to adopt many of these recommendations, this report provides a philosophy that is becoming more common among some parties seeking ways to meet quality of life considerations within a constrained defense budget. As the costs for weapons modernization escalate, privatization approaches may become more attractive to both DoD and Congress, particularly if coupled with enhanced salaries and/or housing allowances.

A new housing allowance system recently became law (P.L. 105-85). The new system will implement one housing allowance (a Basic Allowance for Housing or BAH). The amount of the new housing allowance will still vary by pay grade and the presence/absence of dependents. However, the new allowance will be based upon private sector housing cost data (rather than upon what military members pay for housing). Those in the lower grades will pay less out-of-pocket than those in higher grades. Of critical importance to members in high-cost areas, under the proposed new system, within grades, out-of-pocket costs will be the same regardless of duty location.

## ***Current Service Differences***

Differences in the use of military housing and private sector housing continue across the services, as do approaches to building and maintaining existing housing for unaccompanied and married personnel. These variations seem linked to the interplay of mission and geography. They also appear related to differences in philosophical approaches to housing as a benefit and the appropriate use of resources.

### ***Army***

Housing for unaccompanied soldiers remains a serious issue for the Army. As the Army Chief of Staff, General Dennis Reimer, recently noted "soldiers deserve to live in better conditions than we have them in right now" (Naylor, 1997, pp. 17-18). General Reimer also noted that it would take 15 years and \$6 billion to renovate barracks across the Army.

Where military members with families are concerned, the Army also encounters significant challenges. The Army tends to have large inland bases, some of these in remote, relatively rural locations (for example, Fort Riley, Kansas and Fort Polk, Louisiana). While such areas provide vast tracts of land, the private sector is less likely to be able to meet military housing and community support needs. In these locations it would not be surprising (at least under existing approaches for housing military personnel) to find the Army housing more of its members in government housing, as compared to the Navy (with bases typically located in urban coastal areas).

The Army's existing family housing stock (as well as barracks housing) is aging and increasingly costly to maintain and operate. In the face of declining budgets, the Army is seeking to move military family housing outside of the federal appropriations process entirely. The Army's current approach to the operation, management, new construction and improvement of existing housing is based upon full use of the 1996 Military Housing Privatization Authorities. The Army has developed an Army-wide model of privatization for U.S. bases (including Alaska and Hawaii), and is pursuing a variation of this model for overseas installations. Under this model, privatization occurs at the installation (or local) level; the local commander works collaboratively with private developers. Privatization under this model involves divesting the Army's housing function to the private sector. Land is out leased and assets are conveyed to a developer. Utility costs may be paid through military appropriations. Recent planned development at Fort Carson is a model for this privatization approach.

On December 24, 1996 the Department of the Army issued a Request for Proposal (RFP) for housing development at Fort Carson, Colorado. The following verbatim excerpt from the DoD Housing Revitalization Support Office (HRSO), makes clear the scale of the proposed project and the nature of the privatization model:

#### **Fort Carson, Colorado**

The request for proposal calls for the development, maintenance and management of 840 new single and multi-family structures and the phased revitalization, maintenance and management of 1,824 existing housing units at Fort Carson, Colorado. The proposed contract will reflect an alliance between government and private industry and use a combination of alternatives to traditional acquisition methods. The Contractor will provide, operate and maintain the military family housing units for a period of 50 years, with a renewable option of 25 additional years. The Government will make available or outlease land for new and existing units and convey title to the existing structures. The government will also make available loan guarantees, utility tap points, utility expenses, mandatory rent allotments for Basic Allowance of Quarters (BAQ) and Variable Housing Allowances (VHA), and provide a military housing referral and priority list for occupancy. In turn, the successful offeror will provide a new housing community, the construction of new units, renovation of existing units, management and maintenance of all housing units, grounds maintenance of unoccupied and public areas associated with the housing community, construction and maintenance of new roads and infrastructure, reinvestments in ancillary features and community improvements, such as green areas, parks, picnic areas, day care centers, etc.

*Source: Housing Revitalization Support Office: [http:// www.acq.osd.mil/iai/hrso/rfp,rfq,rfis.htm](http://www.acq.osd.mil/iai/hrso/rfp,rfq,rfis.htm).*

#### **Navy**

With respect to the interrelationship between geography and mission, naval forces are primarily concentrated in large urban port areas when not at sea. In the United States, Navy bases are essentially industrial complexes in port areas. Beyond providing the appropriate infrastructure for the docking and maintenance of ships, the Navy has limited need for an extensive physical plant or what the Army and Air Force would identify as a military installation. Surrounding urban developments are frequently viewed as sufficient to meet the housing needs of Navy families.

Unaccompanied enlisted men and women live aboard ship when at sea. Approximately 50,000 junior enlisted personnel are required to live on ships while in port (Defense Science Board, 1996, p. I-37). Those not aboard docked ships are not always assigned barracks. They may use temporary lodging facilities. In either condition (but especially when aboard ship) they are living in very small quarters with limited privacy and space for personal possessions. Aboard ship they have a bunk in shared sleeping space and a small trunk for belongings (Defense Science Board, 1995). Shipboard living conditions

represent a serious quality-of-life issue for the Navy. Recent statutory changes making more enlisted personnel eligible to receive a housing allowance to maintain an apartment on the economy thus represent significant quality-of-life improvements for Navy personnel.

Where families are concerned, the Navy traditionally takes a conservative approach to determining the need for construction of military family housing, crediting the private sector with greater ability to provide housing to its members (McCay, interview; CBO, 1993). However, increased concern with family quality-of-life issues brought attention to Navy housing in the nineties. In addition, the Navy implemented an assignment strategy (called *homeporting*). Homeporting makes it more feasible for career members to stay in one location longer, to build personal and family linkages to a local community, employment tenure and careers for spouses, and financial equity through homeownership. Based on its operational philosophy and the number of port locations in urban areas with large housing markets, it is not surprising that the Navy houses a greater proportion of its members with families on the economy, as compared to the Air Force and the Army, and relies more upon the private sector to meet the housing needs of its members.

As part of its increased emphasis upon family housing, in the context of declining budgets, the Navy is currently pursuing a number of privatization initiatives, among these, one in Corpus Christi, Texas and one in Everett, Washington. An award was issued for the Corpus Christi project on July 20, 1996 (HRSO, 1997). The "preferred rental rate" for housing at these sites was targeted to the housing allowance available to an E-5 with dependants. Full BAQ for an E-5 with dependents effective January 1, 1997 was \$469.20. The 1997 VHA for an E-5 with dependents in Corpus Christi, Texas, was \$119.33 and for Everett, Washington, \$169.23.

It is anticipated that the Navy will focus more upon housing as a compensation issue in the future. The Navy's view is similar to that of the 1996 Defense Science Board report referenced earlier. It is based on fixing the housing allowance system to enable members to compete in the private housing market, regardless of where they are stationed (McCay, interview). The Navy is not perceived as likely to push for an increased stock of government owned or leased military housing. Rather, it will seek to diminish its overall stock and replace it where other alternatives are not feasible.

## **Marine Corps**

The Marine Corps is a separate service within the Department of the Navy. It is the smallest of the services. Its mission dictates reliance upon youth prepared to deploy as ground combat forces. In Marine parlance they *run up the beach*. Marine Corps forces are disproportionately low-ranking, front-line personnel, compared to the other services. The Corps seeks to retain a relatively small fraction of its recruits, year to year. Support services (such as medical care) are provided by the Navy. Marines are stationed at somewhat large coastal bases, for example Camp LeJeune, North Carolina. Barracks (single and unaccompanied) housing is a severe problem for the Marines, with some 10,447 barracks units still of the open squad type or with central latrines (gang heads) in late 1996 (Engel, interview).

Within the Marine Corps, single and unaccompanied personnel in pay grades E-5 and below must live on base (with few exceptions) in barracks housing (Engel, interview). Recently the Marine Corps barracks budget was increased significantly and given priority over family housing. The Corps' new construction program was tripled to \$50 million, on average, per year. The Future Years Defense Plan (FYDP) included a commitment to invest in barracks housing at the same level through 2003. If the same commitment was extended through 2005, all inadequate barracks spaces would be eliminated by the end of that year (Engel, interview).

The Marine Corps requested waivers from the Secretary of the Navy to construct to a 2x0 standard rather than the 1+1 standard until inadequate barracks are eliminated. This construction standard includes:

*180 NSF of living space, 90 NSF per person, two large walk-in closets of approximately 20 square feet each and a service module. The service module provides a countertop (suitable for a microwave), a sink, and space beneath the counter for a small refrigerator. A private bathroom is shared by two Marines (Engel, interview).*

The housing assignment policy being used places two E-1 through E-3s or one E-4 or E-5 in each 2x0 unit. For those in pay grades E-6 and above, two 2x0 units are combined into a suite for one. The 1+1 standard—a private room for each member with a shared bath between two members—is being pursued for those in pay grades E-4 and above. Implementation of the new standard is likely to take many years, possibly until 2078 (Engel, interview).

With respect to family housing, the Marine Corps is pursuing a partial divestiture of its housing. It is likely to eliminate older stock on base that



cannot be renovated efficiently, for example, housing built in the fifties and sixties that is nearing the end of its life span (Engle, interview). Elimination of stock could be facilitated by adjusting the current housing allowance system (basing allowances upon actual fair market rental costs rather than typical military housing spending patterns—a critical issue for enlisted personnel who typically receive a low to very modest income). The Corps anticipates moving at a later phase to having private developers take over some of its remaining stock. The Marine Corps is also exploring the possibility of offering long-term leases or eventual ownership of land to provide incentives to developers to build housing on base (Engel, interview). Under the new privatization authorities, the Marine Corps initially targeted Camp Pendleton (Oceanside, California) and the Marine Corps Logistics Base Albany (Albany, Georgia) for potential developments (HRSO, 1996, 1997).

The Marine Corps is encouraging local communities to make use of programs available through the Department of Housing and Urban Development (DHUD) and through revisions to the tax code that provide incentives to developers to build low-income housing—particularly DHUD's Section 8 program and Section 42 of the tax code (Engel, interview). Contrary to public perception, eligibility for publicly subsidized civilian housing is not tied to receipt of public assistance. Rather, it is tied to income and family size, specifically the relationship between a family's income and size and the area's median family income.

A Marine Corps representative noted that many enlisted members qualify for low-income housing built under Section 42 of the tax code (the Low Income Housing Tax Credit Program). In a community near one Marine installation, 40% of Section 42 rentals are to military personnel and the tax credit available under the program subsidizes 35-40% of the construction costs (Engel, interview). The use of DHUD-sponsored programs by military families is not new, nor isolated to Marine Corps families. Unfortunately, DHUD-sponsored subsidized housing only provides support to a small fraction of those in need of such housing. For example, in 1987 there were some four million federally subsidized private units in the country and 20 million households with incomes below 50% of the median (Karger & Stoesz, 1990).

## Air Force

The Air Force, like the Army, tends to have inland bases. These are sometimes located in remote and rural locations (for example, Minot, North Dakota), areas where the private sector is less likely to meet the housing and community support needs of military members.

Comparable to the Army and the Navy, the Air Force includes and relies upon large support forces. Many Air Force personnel require extensive and expensive investment in technical military skill training. For example, training for pilots, as well as flight operations support personnel, is very expensive. The Air Force would like to retain far greater portions of its trained personnel into a second (and subsequent) enlistment (as compared to the Marine Corps). In this context, it is not surprising that the Air Force has focused attention on quality-of-life issues for some time and tends to be on the forefront in the development of quality military housing (Defense Science Board, 1995).

Prior to inception of the 1+1 housing standard for barracks, the Air Force had upgraded much of its unaccompanied units to a 2+2 standard with four people sharing a private bath. The new 1+1 standard of the nineties applied to existing *substandard* facilities. This would only have yielded improved quarters for some 20% of the Air Force's members (Murphy, interview). The Air Force decided to pursue privacy for *all* unaccompanied personnel over the next six years and to prioritize housing for those in pay grades E-1 through E-4. The 2+2 modules can be rapidly converted to achieve privacy by assigning two people to each unit, one each on either side of a private bath/service area (Murphy, interview). Reflecting what might be interpreted as social class differences, the Air Force refers to its unaccompanied housing as *dormitories* rather than *barracks*. This corresponds with the view that those training for a career in the Air Force, entrusted with expensive equipment and pilots' lives, should at least enjoy the privacy afforded a typical young professional renting housing on the economy (i.e., living in an efficiency or sharing a two-bedroom apartment with a roommate).

Where family housing is concerned, the Air Force supports the DoD's primary reliance on the private sector to provide housing (Murphy, interview). The Air Force is pursuing use of the privatization authorities granted in 1996. Lackland Air Force Base in San Antonio, Texas was among sites targeted for development early in the implementation of the new authorities (HRSO, 1996, 1997).

The Air Force currently houses a greater proportion of its junior enlisted members (grades E-1 through E-3) with families in military housing. This may

be a function of the composition of its forces. Throughout the post-AVF period, a larger portion of the Air Force's junior and mid-grade enlisted personnel have had family members, compared to the other services (DMDC, 1996-97). The 1995 Defense Science Board Task Force on Quality of Life report (the Marsh Commission report) noted that the Air Force has a policy of moving its more senior personnel off base and housing its more junior personnel on base (Defense Science Board, 1995).

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## **Summary**

In the nineties, in a context of continued globalization of the world's economies and labor, balanced budget battles, and defense downsizing, the DoD and the services continued to seek and implement housing policy changes that enhanced military quality of life. Privacy and space issues were paramount quality of life concerns for unaccompanied military members. New unaccompanied housing privacy and space standards should be of benefit, when and where they are implemented. Assignment policies that offer greater space and privacy in existing units, by reducing the number of military members living within housing units, should also be beneficial. Further, housing choice was enhanced for those unaccompanied members who gained the right to refuse substandard quarters and those who gained the right to maintain private sector housing while assigned to sea duty.

For family members and unaccompanied personnel receiving housing allowances, efforts to address problems with the housing allowance system should be of benefit. For junior enlisted families, gaining greater access to on-base military housing addresses multiple quality-of-life issues. They are sheltered from the costs of private sector housing and the transportation costs associated with living far from base. They also gain greater access to supportive services and facilities that exist on base (child care, medical care, shopping, recreation, church services, and the like).

In spite of these gains, military housing continues to attract the attention of policy makers because serious problems remain and the Administration's commitment to a sustained program to address housing problems is questionable (cf. Maze, 1998). Much (though far from all) of the housing stock is nearing the end of what would be considered its useful life (Defense Science Board, 1995). That is, maintaining some of the stock is costly and improving it may not be as cost effective as replacing it altogether. This applies to unaccompanied housing and family housing. Equity issues remain, as well. Access to on-base housing for junior enlisted families—those with the greatest financial needs and fewest resources—varies tremendously, base-to-base and service-to-service. The gains that have been realized by these junior enlisted

families may also be fragile and short-term in nature. *To the extent that improved access in the nineties depended on the availability of housing considered substandard, efforts to eliminate older military housing may diminish the gains that have been made* (Smythe, 1994).

As the DoD and the services consider future housing directions, it will be important to consider the many ways in which housing affects quality of life and military life. The last section of this report synthesizes quality-of-life issues and dilemmas associated with housing policy during the AVF period (and before). It is hoped that careful consideration of these issues will better inform future policy choices and incremental policy changes.

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## **PART IV: SUMMARY AND FUTURE POLICY CONSIDERATION**

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### ***Housing and Objective Well-Being***

The history of military housing policy makes it clear that housing is an important quality-of-life issue to the DoD and the services. Military leaders accept that housing affects the quality of life of military members and their families both objectively and subjectively. Leaders also recognize that quality of life has an important impact on military relevant variables such as retention and readiness.

Objectively, shelter qualifies as a basic necessity (Campbell, 1981; Campbell et al., 1976). Military housing initially accommodated military members and their families in remote outposts in the United States, specifically along the Nation's land and coastal frontiers (Baldwin, 1993). While some military housing built in the United States was of poor quality, the services clearly perceived that they had an obligation to provide housing (however rudimentary) as a means of meeting basic human needs.

Beyond meeting the most basic need for shelter, the services increasingly viewed housing as part of a broader social context, situating people in relationship to other basic supports and services (i.e., health care). Thus, military bases developed as total communities, with an infrastructure that included housing, religious institutions, shopping, education, recreational facilities, health care, and child care services. The military community as an independent, self-supporting and complete community exemplified the slogan "We take care of our own" (Martin & Orthner, 1989). In more recent years, the DoD looked at ways to meet some of the needs of military members through civilian institutions, social service providers, and private housing on the economy. The philosophy of *taking care of our own* is still prevalent. However, today this involves ensuring that someone or something—not necessarily an agent of government or the DoD—delivers these services.

There are a number of issues related to housing and quality of life that merit consideration as the DoD develops future quality-of-life plans and policies, particularly in the housing arena. These issues are discussed in the context of what we understand about the history of military housing as quality-of-life policy.

Table 5 illustrates the quality-of-life benefits and deficits commonly associated with military and private sector housing for military members. As the DoD and the services develop housing policy in the future, these will likely present the challenges to be addressed in policy formulation and implementation.

**Table 5**  
**Challenges for DoD Housing Policy and Practice**

|                         | Typically Provides                                     | Selectively Lacks                                      |
|-------------------------|--|--|
| <b>Military Housing</b> | Affordability  | Privacy  |
|                         | Safety & security                                      | Personal life style choice                             |
|                         | Access to military services                            | Diverse social networks                                |
|                         | Mechanisms for military socialization & identification | Spouse employment opportunity                          |
|                         | Peer social supports                                   | Civilian community services                            |
|                         | Social controls  | Investment opportunity                                 |
| <b>Civilian Housing</b> | Privacy  | Affordability  |
|                         | Personal life style choice                             | Safety & security                                      |
|                         | Diverse social network                                 | Access to military services                            |
|                         | Spouse employment opportunity                          | Mechanisms for military socialization & identification |
|                         | Civilian community services                            | Peer social networks                                   |
|                         | Investment opportunity                                 | Social controls  |

### ***Finance (Equality and Equity in Benefit Received)***

The costs associated with housing in the private sector profoundly influence the quality of life of military members and civilians alike. Because housing costs represent a *fixed* portion of the household budget, shelter costs are a prominent aspect of one's financial well-being and one's ability to purchase other necessities of life, such as food and clothing (Bratt, Hartman & Meyerson, 1986). The term *shelter poverty* recognizes that individuals and families may be made poor by the high costs of their housing (Stone cited in Burt, 1992) and, the lower their income and larger their family, the greater the burden for civilians and military members alike (Bratt et al.; House Subcommittee on Military Construction Appropriations, 1985a).

The services recognized early in their histories that the compensation offered to some of their members was insufficient. Many military members were unable to purchase or rent adequate housing (based upon family needs), or housing commensurate with the expectations associated with advanced rank and stature in the services. The development of cash allowances to offset the costs of private housing began early and has continued, in various forms, to the present.

The history of these allowances involves arguments over equality and equity of benefit. These debates focus upon the economic or financial benefits associated with housing in-kind (government housing) and housing allowances (CBO, 1993; GAO, 1996). They also focus upon the relative quality of housing available to members of the military. Concerns about the extent to which policies should and do acknowledge differential needs among military members with and without families have also been a focal point.

For unaccompanied personnel, the central equality of benefit issue is receiving housing in-kind, as barracks or shipboard space, while personnel in the same pay grade with family members get cash allowances and the opportunity for a very different (and perceived to be more desirable) lifestyle. Existing socialization or social control arguments that favor housing unaccompanied personnel on base do not adequately address this issue. It is difficult to argue, for example, that 20-year-olds *without* dependents require supervision on base while 20-year-olds *with* dependents are allowed to live on the economy. However, equity arguments that support policies that meet differential needs do address the issue. The housing needs of members with families are different from those of members without families, if for no other reason than the need for more space.

Equity and equality of benefit issues are common to discussions of housing for military families (CBO, 1993; OASDP&R, 1993; Comptroller General, 1979). Both the services and DoD have struggled, over time, to come to terms with a force comprised of more married than non-married members. Throughout the AVF period, the number of family members identified as dependents outnumbered active duty force strength. To address these changes, the DoD and the services developed policies with multiple and competing goals, among these:

- recognition of differential need as a basis for receiving more or less in program benefits (OASDP&R), what some scholars refer to as *equity*;
- the desire to maintain *equality* of benefit within pay grades; and,
- the desire to maintain inequalities among pay grades (Hartman & Drayer, 1990) or RHIP commensurate with the rewards and responsibilities of comparable responsibility and status in the civilian sector and

the notion of an earned benefit based on a career commitment and tenure of service.

As a result, policies offer differing levels of benefit to members of the same pay grades and to those with and without families. This leads to scenarios such as:

- An E-5 with a spouse and three children (a family of five), in a particular location, will receive the same housing allowance as an E-5 with a spouse and one child in the same location.
- The E-5 with three children is likely to need to spend more money on housing than the E-5 with one child, but is in a situation no different from the average American citizen. Wage rates for jobs do not take account of the *presence*, or the *number* of dependents.
- The E-5 with three children, if made eligible for family housing on base, receives housing that represents almost no cost out-of-pocket, is more likely to have a sufficient number of bedrooms, and is close to a host of community and family supports (e.g., low cost child care, recreation facilities, post exchange and commissary, and, in some cases, hospital care and/or a Department of Defense Dependents School [DoDDS]).

Additional issues emerge in relationship to what is and is not considered income and for what purposes, under other programs. A very small proportion of military families qualify for and receive food stamps (OASDP&R, 1993). A DoD study of a sample of these recipients revealed that for those who actually met the criteria for eligibility for food stamps ( $n = 2397$ ), 77% or 1,848 were living on base. The report noted that the *only* reason these members were receiving food stamps was because the Department of Agriculture did not count the value of the on-base housing in forfeited BAQ nor the value of the Basic Allowance for Subsistence (BAS). Of note, the analysis also found that some two-thirds of all of those who received food stamps were E-4s or above with large families, not first-termers (OASDP&R). This clearly raises questions of equity and equality of benefit with respect to those enlisted members with growing families, paying out-of-pocket expenses beyond their housing allowances for their off-base housing. It also raises equity issues related to civilian families who do not qualify for these benefits, yet have similar actual income levels.

It has also been argued that when military families are considered as a whole, another disparity arises in DoD resources spent on military housing in comparison with housing allowances. The average annual long-run costs for military family housing, per family, have been estimated to exceed the costs of providing allowances to those living on the economy (CBO, 1993; GAO, 1996). However, these analyses may not offer a fair assessment of the costs of military housing. Smythe (1994) noted that DoD and private sector housing have



differing characteristics that make such comparisons difficult. It is important to note that no matter how such analyses are conducted, fair, unpartisan comparisons of government and privately owned housing may be difficult to achieve. While the long-term financial benefits of ownership of property are superior to renting or leasing, when the government is the landlord and property holder, and its housing is available as an in-kind transfer of benefit rather than a profit-making venture, costs will inevitably be criticized as wasteful by those who do not directly benefit from the program.

*Developing and articulating a clear vision for military housing policy—one that consciously acknowledges DoD and Armed Forces preferences with regard to the equity and equality of housing benefits—would seem to be a prerequisite to future housing development and a first step to resolving some of the perceived problems in current housing policy.*

### **Safety and Security**

The military services have a long tradition of providing for the security of military members and their families. The services have invested in the training of their members and want them to be readily available for deployment.

Care for military families, to include housing in safe and secure areas, ensures that members (especially those deployed) are not distracted by concern for their families. Safety and security continue to be important issues for military families (Army Personnel Survey Office, 1996; House Subcommittee on Military Construction, 1984a, testimony of Mrs. Henry & Mrs. Black; OASDP&R, 1993). New recruits with young families may only be able to afford housing in low-cost but relatively unsafe and insecure environments. Most recently, due to escalating gang-associated violence in neighborhoods and schools and with concerns about drug use among young people, the perceived safety and security of on-base military housing may have become even more attractive to many junior and mid-grade enlisted members, as well as junior officers.

### **Services and Supports**

The military services have long sought to develop completely independent, self-sufficient on-base communities. The communities *within the gates* needed to include services to meet common human needs. For this reason, Martin and Orthner (1989) pointed out that some military communities are like the company towns of the turn of the century. They also noted that the original justification for a comprehensive community infrastructure—remote and isolated locations—is no longer an issue in most areas of the country. Many

military communities are now surrounded by substantial civilian community development or have become an island within an urban civilian community.

Some time ago, a member of Congress noted that the services were enhancing the ability of members to live on the economy and simultaneously developing more adequate community supports on base. The question posed of DoD representatives was whether this represented policy movement in two divergent, if not opposite directions. Is integration of civilian and military housing compatible with segregation of civilian and military community supports?

*As the DoD and the individual services consider housing policy options in the future, careful attention must be given to the services and supports existing on and off of military bases. If current and future policy options result in a different mix of pay grades living in government housing, this has implications for community facilities and service programs on base. Stages of career development frequently coincide with stages of family formation and development (Segal, 1986). That is, those in the junior and mid-grade pay grades are likely to be in younger marriages with younger children, and their resources are more limited (OASDP&R, 1993; Westat, 1994).*

*In summary, current and future military housing policies will likely affect the objective quality of life of military members in at least three important areas: financial well-being, safety and security, and access to supports and services on base. The impact of military policies is likely to continue to differentially affect members at various stages of career development (associated with pay grade) and in various stages of family formation and development (Segal, 1986). As current policies are implemented, and new policy directions develop, effects in these areas should be studied. In addition to examining these objective areas, the DoD and the services could gain from continued attention to the subjective aspects of quality of life and the potential influences of housing upon these.*

## ***Housing and Subjective Well-Being***

Researchers have long noted that satisfaction with housing may be independent of the objective quality of housing. Satisfactions or dissatisfactions may be influenced by comparisons made between one's living conditions and those of peers, for example, military and civilian colleagues with similar incomes (Kerce, 1994). Satisfaction or dissatisfaction with housing may also affect morale, attachment to employment, and even job performance. A recent study of members of the Marine Corps by Kerce included the subjective assessment of quality-of-life domains for these reasons.

The history of military housing policy indicates that shifts have occurred in subjective assessments of the nature of the military housing entitlement, as well as perceptions regarding the fairness of military housing policies. There has also been a shift in how members of the military services are perceived, across and within the services, commensurate with a shift toward what has been termed an occupational model of organization (Moskos, 1988). Perceptions are important in the subjective appraisal of quality of life (Campbell et al., 1976) and should not be overlooked when current and future policies are considered.

### ***Nature of the Entitlement***

*The tensions that exist among housing policy objectives—for example, acknowledging and meeting differential needs, versus achieving equality of benefit, versus rewarding rank and exerting social control—continue, in part, because there is no consensus upon policy issues as fundamental as the exact nature of the military housing entitlement (GAO, 1989). That is, some appear to believe that the entitlement is to some form of DoD supplied shelter and when that is not available, to an allowance in place of shelter. Others appear to believe that the entitlement is actually to the allowance, not the housing (CBO, 1993).<sup>v</sup>*

Additional tensions may be related to what military members perceive to be the basis for their housing benefits. For example, some may see housing and/or the existing allowance system as due them, in recognition of their service, that is, a right based in sacrifice. The term *entitlement* most appropriately fits this view. Others may see military housing and/or allowances as means by which the DoD and the services try to help them deal with housing hardships associated with regional assignment. The term *benefit* may be more appropriate to this view. Yet others may see military housing and allowances as compensation in-kind, offered in lieu of adequate pay or salary. The term *compensation* may be more appropriate to this view as the housing or allowances are seen as part of a compensation package. (Of note, we are speaking here of perception. The courts have ruled that housing allowances are not, strictly speaking, a form of compensation, thus not taxable and not considered earnings when retirement pay is calculated [Jones vs. U.S., 1925, cited in USCA, 1997]). These categories and views are by no means exclusive. Yet, there are important distinctions among these that may influence reactions to changing military housing policies and programs.

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<sup>v</sup> See for example, Robert D. Reischauer's preface to the Congressional Budget Office's 1993 study entitled *Military Family Housing in the United States*, which states, "One element of that infrastructure is DoD family housing in the United States: The government-owned or government-leased housing that DoD provides to the families of many military personnel in lieu of cash housing allowances."

Further, military families living in government housing clearly believe that they pay for their housing through the forfeiture of their allowances when in government housing. Their printed reactions to recent CBO and GAO reports that termed military housing *free housing*, were uniformly negative, in part, because military families associate the forfeiture of their allowances with payment of rent. Unfortunately, forfeited allowances do not represent cash that can be used by the services to build, operate, or maintain military housing. They do not represent real monies in the sense that rent payments represent real money. If the entitlement were truly to an allowance, Congress could allocate allowances to all. Those living in government housing (unaccompanied and with families) could turn the allowances over to support and maintain government housing, or live elsewhere and pay rent on the economy.

One model currently being tested is the Army's Business Occupancy Program (BOP). Under this program, the amount of housing allowance dollars forfeited by accompanied military members living on base are used as the basis for allocating appropriated family housing account dollars to an installation (Miller, 1997). This represents a different strategy for allocating appropriated dollars from the military family housing account and provides an incentive for installations to keep government housing units occupied.<sup>vi</sup> This may move the Army closer to a fair market rental strategy for military housing. As both the services and DoD develop new housing and compensation policies, it will be important to educate recruiters and military members on the exact nature of military pay, other allowances, and benefits. This education should include the rationale for varying levels of benefit.

### ***Sense of Fairness***

Military members may judge the adequacy of their housing in relationship to those they see as *like* them, within and outside the military. However, the cohort with whom they have the most contact, their colleagues at work, may have the greatest influence on their perceptions. Military members involved in joint missions or assignments at bases operated by one of the other services, may, in similar fashion, experience satisfaction or dissatisfaction in relationship to the comparability of housing benefit among members of comparable rank across services (Defense Science Board, 1995).

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<sup>vi</sup> Housing allowance funds (a personnel/compensation expenditure) and military housing funds (construction, operation and maintenance expenditures) are from separate funding streams. When housing allowance needs are estimated, calculations focus on individuals/families likely to require off-base housing; allowance funds are reduced in relationship to the military housing available to shelter military members and their families.

Comparisons with civilian counterparts with similar education and training may also influence satisfactions and dissatisfactions. It is clear that military members have traditionally viewed themselves as meriting different benefits from civilians due to the unique nature of military service and the demands it makes of them. Frequency of reassignments and operational deployments are typically cited as experiences that set apart military members and the civilian community (McNelis, 1987).

As early as the 1920s, it was noted that the demands of military life make it difficult to establish and enjoy the benefits associated with having a "home" (OASDP&R, 1993). For all of these reasons, military members and their families may be more likely to compare their housing benefits to military members of the same rank. Attention to these perceptions and examination of changing sentiments (particularly their association with morale and attachment to military service) are warranted.

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### ***What is the Purpose of the Military Community?***

The DoD and the services may also benefit from further assessment of the purpose of the military community (and housing as a part of this community). The history of military housing policy supports the need for empirical examination of the social objectives embedded in (or underlying) housing policies. Clearly, providing government housing on base is tied to at least anecdotal concerns about acculturation to military service and social control. However, whether these social objectives are actually achieved through on-base housing remains essentially untested.

### ***Housing, Acculturation, and Social Control***

Some view the housing of unaccompanied personnel, as a command and control issue. They argue that it is necessary and advisable to house junior unaccompanied personnel on base (Defense Science Board, 1996). Others believe that retention of young recruits is more likely if they are acculturated to their service by living on base (Defense Science Board; OASDP&R, 1993). Regardless of the rationale, where unaccompanied personnel are concerned, there exists consensus opinion in favor of government quarters on base. Concerns among military leaders are not focused on *whether* housing should be provided on base. Rather, they are focused upon enhancing the quality of this housing and improving space and privacy for individuals.

The social control argument contains some contradictions in practice, particularly in light of current policy. Unaccompanied personnel are viewed by

some as requiring support, guidance and control, by virtue of their age and related maturity. Ironically, junior enlisted personnel who are married or have families, may live off base, regardless of their age or maturity. The acculturation argument is also problematic in this regard, as under current policy, even relatively new military members with families live in off-base civilian housing. Data indicate that, in general, military members with families exhibit higher re-enlistment rates (OASDP&R, 1993). Because most members with families live off base, questions may be raised about whether on-base housing supports attachment to the military.

*Assessing the impact of the military community upon quality of life and job performance and retention requires careful empirical study. Is the traditional military community important to acculturation to military service, retention and job performance? The cross-sectional data available to date does not provide an answer to these questions.*

### ***Housing as Rank-Specific Privilege***

Both military and civilian employment provide cash and non-cash rewards. In the military, an array of non-cash benefits have been developed to reward service and sacrifice. As rank increases, these benefits support a more attractive quality of life. With respect to enlisted personnel, housing policy has tended to be rooted in two related but separate notions. Enhanced housing benefits are earned through commitment to a career (paying one's dues): viewed or perceived as merited on the basis of sacrifice. Superior benefits also are commensurate with the responsibilities and demands of leadership positions (much as civilians receive enhanced compensation when in positions of leadership). Where officers are concerned, housing policy clearly provides enhanced benefits associated with increasing years of service and movement up through the officer ranks (commensurate with increased leadership). However, even the most junior officers are eligible for better housing benefits than most mid-grade enlisted personnel. Officers are accorded greater privilege even while in training, prior to making a career commitment. This preferential treatment is rooted, of course, in the rank system, historic social class distinctions and expectations that separated officers and enlisted personnel, and the authorities and responsibilities associated with even the most junior officer positions.

It is unlikely that the services will abandon their system of rewards for career commitment and advanced rank, authority and responsibility. In the AVF period, military service became increasingly professionalized. Employment in the Armed Forces became an occupational choice. The DoD and the services

focused more on how continued service might become at least as attractive as civilian sector employment.

This created a tension in military housing policy. The DoD and the services reinforced inequalities of benefit across pay grades, even as they attempted to recognize differential needs (an equity issue). Numerous reports make the point that those most in need of low or no cost family housing—the junior enlisted pay grades—traditionally had the lowest (or no) priority for military family housing. The DoD and the services have made great strides in addressing the needs of the junior enlisted personnel with families. Yet, senior enlisted members caution that increased attention to the needs of junior enlisted personnel, coupled with a perceived loss of benefits among more senior personnel, will lead to morale, if not retention problems, among careerists. This is an area that requires empirical study. Projections have been made about the likely retention effects of housing policy options that provide more government housing to junior enlisted members and less to senior enlisted members and officers. It is unclear whether these projections accurately reflect (or include attention to) the morale and subjective perceptions of military members. Further, the services differ in their approach to retention issues. The Marine Corps hopes to retain only a small percentage of its junior enlisted members. The Corps may thus prefer to focus upon retaining its more senior enlisted personnel. At the other end of the continuum, the Air Force wants to retain far more of its junior enlisted personnel and may have a greater stake in offering its more junior personnel improved living environments.

### ***Military Community as Family Support System***

Frequently, the military community is cited as an aid to the families of deployed military members. It is also indirectly seen as a source of comfort to those deployed to know that their families are safe and secure. There is no question that military members and their families find deployment stressful. Congressional testimony of military members and their families evidence tremendous support for the military community, on base, as an aid to families of deployed members and a comfort to members deployed. To the extent that the military community provides needed support to families, and enhanced capacity to perform for members who are deployed, its availability is clearly a quality-of-life issue *and* a critical mission support issue. As the DoD and the services consider current and future housing policy, careful consideration of what constitutes the military community is imperative. This involves developing a better understanding of how dependent the concept of “the military community” is upon a specific, geographically defined setting, such as a base structure.

*If the on-base community offers superior support and comfort to families of deployed members, the DoD and the services may want to consider prioritizing access to on-base housing on the basis of mission requirements and likelihood of deployment.*

### ***Heterogeneity versus Homogeneity***

Rank-based housing segregation, based on economic resources, may be less rigid on the economy. However, racial segregation is much more likely to be encountered there (Clark, 1985). This could certainly limit housing choices for military members in some regions of the country. It is also possible that military members may choose to live in communities characterized by de facto racial segregation. Both situations seem unfortunate given that the military, perhaps more than any other large institution, has successfully pursued a course of racial integration.

Housing on base, within ranks, is not segregated. Hartman and Drayer (1990) note that only within the military community has racial discrimination been eliminated by fiat. The important contribution that the DoD has made to the successful desegregation of civilian housing in areas where the military has significant economic clout (Hershfield, 1985), and to the successful integration of military housing communities (Hartman & Drayer), has been largely ignored by policy analysts. In areas where the military does not have significant economic power, it has not been as successful in desegregating civilian communities (Hershfield). If prior experiences are good predictors of future events, the elimination of DoD housing on base may result in military members living in less racially integrated communities in regions of the country in which the military has very limited economic power (little influence upon the local economy and civilian employment). Strict enforcement of Fair Housing laws could, of course, lead to greater integration in civilian communities. This merits examination as a quality-of-life issue.



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## Conclusion

Military housing policy, like all social welfare policy, has been influenced by political, economic, technological and social developments. Today, economic and political considerations appear to be all-important. The budget deficit continues to focus Congressional attention upon cutting government costs. The current popularity of privatization and devolution of authority further encourage efforts to eliminate programs that involve government control and management. Housing for military members and civilians alike is an obvious target for cost-saving or cost-shifting initiatives because housing is costly to build and becomes increasingly expensive to maintain as it ages. Yet, housing is, as Kemeny (1992) noted, much more than merely shelter, or bricks and mortar and the dollars they consume. Housing is a fundamental component of any community's social and economic development.

The new authorities available to the DoD and the services to privatize housing offer new opportunities to examine the role of housing in the quality of military life. Because they are oriented to developing housing on and off base, they also offer opportunities to examine the role DoD housing policy may play in creating viable, supportive, and integrated communities *outside the gate*. They also offer opportunities to study the role that on base military housing plays in military quality of life, readiness and retention.

Whether, in fact, most of the new housing is built off base merits study as initiatives unfold. An argument in favor of privatization initiatives is that at some point in the future, off-base housing no longer needed by the military will be an asset to the community. A number of the initiatives underway involve replacing units currently on base, on government land, and building new units in civilian communities with the off-base units targeted for career personnel, freeing on-base units for more junior military members. This approach seems logical and likely to meet multiple needs. *It should be clear to all that if privatization initiatives primarily target on-base housing, ultimately serve the same mix of ranks already housed on base, and do not expand the number of family housing units available on-base for lower-ranking military members, they are not likely to positively affect tight low- and moderate- rental housing markets.*

The confluence of current DoD and DHUD policy initiatives may, in fact, further exacerbate already significant affordable housing shortages in some markets. This merits careful study. DHUD is in the process of eliminating a significant portion of its public housing stock and making more of the existing and replacement stock open to the working poor. In some areas of the Nation, this may benefit junior enlisted military members with families. It is not

difficult to anticipate who the losers will be: poorer, non-military members with less access to public housing, diminished access to other housing supports, living in areas with low vacancy rates and a limited stock of affordable housing. Such displacement may be offset, in part, by one of the most promising developments for low-income renters in recent years, the Low-Income Housing Tax Credit Program (LIHTC). This program is producing affordable housing (for civilians and military members with families, alike). Although it has been attacked as expensive, and representing costs that are difficult to estimate and control (Wagenbrenner, 1996), this program has contributed greatly to the production of affordable housing in the nineties (Boesky, 1995). Anyone interested in housing for low-income Americans, military or civilian, should be interested in future Congressional action on this program.

Alternatively, where military privatization initiatives target housing development off base, owned and managed by private concerns, it will be imperative to examine the role of the DoD in advocating for military members in combined military-civilian developments (as private-sector tenants). Rental guarantees offered to private developers (and military assignment policies) may result in military members being somewhat captive to landlords. Historically, private owners have exhibited varying degrees of attention to maintenance, safety, and community quality-of-life issues, particularly as housing developments age. Long-term attention to the responsiveness of the private sector to local military installation leaders and military members will be important to the success of these initiatives.

Attention to the dynamic interplay of future military on-base housing policies and practices and military quality of life will continue to be important as well. As outlined in the sections above, it will be important to pay attention to the objective and subjective quality-of-life factors influenced by changing policies. It will be especially important to assess the continued interaction of policies designed to benefit unaccompanied and accompanied military members, with varying housing needs. Improvements in quality of life for each may not be entirely compatible or conflict free. For example, enhancing housing choice for unaccompanied members may limit private-sector housing access for military members with families. As more unaccompanied members move off-base, competition for low- and moderate income rental properties may increase in some areas. For example, groups of 2-3 or 3-4 unaccompanied members may choose to pool their allowances to rent a home that would typically house a family. This does not argue for limiting choice for unaccompanied members; rather, it presents an argument for thinking through the implications of policy decisions and attempting to plan for them.

*In summary, increased attention to the relationship between DoD housing initiatives, U.S. housing policy, and community development policy seems warranted at a time in which the United States faces serious housing affordability problems, diminishing housing quality for some, and continued problems with neighborhood blight and neglect (particularly in more urban areas).* The DoD and DHUD share much in common in their current housing policy directions, particularly their reliance upon the private sector and elimination of direct federal production of housing. Increasingly, both seem concerned with promoting meaningful local involvement in the planning and production of housing and community support services. In particular, DHUD has become increasingly interested in non-profit sponsorship of housing and community development initiatives, as well as the promotion of supportive services within residential settings. In this regard, it is important to remember that DHUD's programs are not tied to receipt of public assistance. DHUD sponsors housing initiatives that have historically benefited a spectrum of income groups, among these, military members and their families.

As each Department—DoD and DHUD—experiments with new forms of housing delivery, it may uncover lessons valuable to the other and worthy of transfer. Initiatives that bring together local military installations and community planners, to expand the stock of affordable housing and enhance community development, could realize benefits for both the military and civilian communities (The President's Economic Adjustment Committee, 1989).

Finally, in an environment in which financial decisions require solid evidence and defensible arguments, both the DoD and the services need to be clear about their housing objectives in relationship to specific military-relevant outcomes. Housing and other quality-of-life investment decisions require empirical data that take into full consideration both objective and subjective quality-of-life factors. In the final analysis, the success of these efforts will require policies and programs that are comprehensible and acceptable to those who are the object of their focus. Military members need to know what to expect and they must feel that they are being treated fairly. Without these ingredients, no program can expect to be successful.

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## **Glossary**

|          |   |
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| AVF      | All-Volunteer Force   |
| BAH      | Basic Allowance for Housing   |
| BAS      | Basic Allowance for Subsistence   |
| BAQ      | Basic Allowance for Quarters. A tax exempt cash allowance available to those military members who live on the economy.  |
| Barracks | In this report this term is used as a synonym for unaccompanied personnel housing; other terms used interchangeably include "dormitories" and "troop" housing.  |
| BOP      | Business Occupancy Program. An Army housing finance initiative. The amount of family housing allowance dollars forfeited by members living on base is used as the basis for determining the allocation of family housing dollars to the installation. |
| BRAC     | Base Realignment and Closure Commission   |
| DHUD     | Department of Housing and Urban Development   |
| DoD      | Department of Defense   |
| DoDDS    | Department of Defense Dependents School   |
| FHA      | Federal Housing Administration  |
| FmHA     | Farmers Home Administration   |
| FNMA     | Federal National Mortgage Association   |
| FY       | Fiscal Year   |
| GAO      | General Accounting Office   |
| HRSO     | Housing Revitalization Support Office   |
| LIHTC    | Low Income Housing Tax Credit   |
| PCS      | Permanent Change of Station   |
| PHA      | Public Housing Authorities  |
| RHIP     | "Rank has its privilege" - a slogan   |
| Sec. 236 | A DHUD program that included set-asides for military members & their families. The program provided subsidized interest rates for rental developments for low-income level households.  |
| Sec. 801 | DoD build-to-lease housing program established in 1983  |
| Sec. 802 | DoD rental guarantee program established in 1983  |
| VA       | Veterans Administration   |
| VHA      | Variable Housing Allowance. A tax exempt cash allowance available to military members living on the economy who are living in areas classified as high-cost housing areas.  |

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